CITY OF SAINT JOHN
NEW BRUNSWICK

FINANCIAL STATEMENTS

DECEMBER 31st, 1987

1987

CITY OF SAINT JOHN

ELECTED OFFICIALS

Her Worship, Elsie E. Wayne, Mayor

Arthur Gould, Deputy Mayor

Samuel Davis, Councillor

Edis A. Flewwelling, Councillor

Dennis R. Knibb, Councillor

J. A. MacDougall, Councillor

Kathy Rogers, Councillor

John Schermerhorn, Councillor

Marlene Vaughan, Councillor

Albert A. Vincent, Councillor

M. A. Vincent, Councillor

CITY OF SAINT JOHN

SENIOR OFFICIALS

AS OF DECEMBER 31, 1987

City Manager	R. S. Clark, B.A., M.U.P., M.P.A.
Deputy City Manager	N. Barfoot, BEC Eng.
Assistant City Manager, Operations	C. Robichaud, B.Sc., Civil Eng.
Assistant City Manager, Development	J. Brown, B.S.Sc., M.C.I.P.
Common Clerk	M. Munford
City Solicitor	F. Rodgers, B.B.A., N.B.C.L.
Commissioner of Finance	D. Wilson, B. of Comm., C.A.
Commissioner of Human Resources	P. Groody, P. Eng., M.I.R.
Police Chief	R. Riley
Fire Chief	R. McDevitt
Executive Director, Saint John Port Development	R. Murray

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1987
OPERATING HIGHLIGHTS OF
THE GENERAL FUND &
THE WATER & SEWERAGE UTILITY

GENERAL FUND

The City of Saint John General Fund has experienced an operating surplus for the seventh consecutive year. In 1981 the Fund realized a surplus of $1,170,472 and in each subsequent year the benefits of that surplus have been systematically passed on to the City's taxpayers to the point where the amount left to be passed on amounts to $221,855, the excess of revenue over expenditures in 1987.

OPERATIONAL HIGHLIGHTS

The surplus in 1987 was realized as a result of decisions made during 1987. Very early in the year it became obvious to the administration that as a result of overexpenditures in some operational areas, as well as unbudgeted expenditures approved by Council, there existed a very real possibility that the General Fund would be in a deficit position at year end. Incurring a deficit, and the effect it would have on the tax rate in 1989 was not something that the administration wished to see happen and hence a "Containment Strategy" was developed. Senior managers were asked to review all of their programs and to recommend action that could be taken to reduce expenditures in the last six months of the year. As a result of this process, decisions were made to put a hold on filling vacant positions, directing our work force from maintenance work to capital projects, reducing equipment purchases and deferring some marginal programs to future years.

Total expenditures amounted to $70,884,449 or $261,799 more than was budgeted. This amount represents less than half of one percent of total City expenditures and speaks well of the success of the Containment Strategy. There are however a number of individual line items which have either been over or underexpended.

Firstly, Council agreed that the City would be founding Sponsor of the World Chess Festival. As Founding Sponsor, the City agreed to commit $150,000 of which $60,000 was

charged to 1986, leaving $90,000 as an unbudgeted expenditure in 1987. By year end the City had advanced a further $162,685 bringing the total commitment in 1987 to $252,685, all of which was not budgeted.

Secondly, the City became involved with assisting the organizers of the Under 16 World Cup Soccer event. A cash grant of $20,000 plus assistance with the installation of a new lighting system at the Canada Games Stadium in the amount of $35,626 resulted in a total unbudgeted expenditure of $55,626.

Thirdly, the Canada Games Aquatic Centre incurred a deficit $63,545 greater than anticipated. While revenues were approximately $130,000 greater than 1986, they did not reach the amount budgeted for 1987.

In addition, there were some overexpenditures that resulted from the direct operational requirements of City departments. The Police and Fire Departments in total were overspent by $248,222 which is slightly more than the 1% of their total combined budgets. Of this amount, $108,600 resulted from unanticipated overtime, with the remainder being related to small overexpenditures in a number of areas.

Finally, Environmental Health Services was overspent by $243,793. This was a deliberate overexpenditure suggested by the administration and approved by Council. In December, the administration was aware that the Containment Strategy had been successful and that the 1988 budget preparation process had identified the need for two tandem garbage packers. The result was that this equipment was purchased in late 1987 as opposed to being included in the 1988 budget.

There were also a number of areas in which underexpenditures occurred. The entire category of Environmental Development Services was underexpended by $249,307. Delays in filling vacant positions, reduced advertising and travel resulted in the budgets of the Tourism Department and Port Development Commission being underspent. Reduced fuel prices and property taxes resulted in the Property Management Department being underspent.

The category of fiscal charges was underspent by $378,228. Continued low and stable interest rates, improved cash management and late starts on some of our capital projects were all contributing factors. Total fiscal charges amounted to 14.2% of the Fund's total expenditures in 1987. However, when the amount for capital projects financed from the General Operating Fund is removed leaving only principal and interest on long-term borrowings, the percentage drops to 12.5% compared to 13.6% in 1986. As this trend continues, it will ensure that future decision makers have increased flexibility in determining how and where services are to be provided.

The actual revenue received by the General Fund amounted to $71,106,304 compared to a budgeted amount of $70,622,650, an increase of $483,654. This increase is largely related to three sources, namely; Sale of Goods and Services, Permits and Fines. The Fund realized $261,479 more from the sale of goods and services than was anticipated. In almost every component of this category revenue exceeded budget, with the most notable being Landfill site revenue, sale of used equipment and mechanical and carpentry revenue.

Revenue raised from licenses and permits exceeded budget by $108,531. This increase was the result of increased residential construction activity in our community as well as commencement of the Superstore complex.

Finally, revenue raised from fines and parking meters exceeded budget by $42,874, resulting from increased sharing by the Province of revenue raised from fines under the Motor Vehicle Act.

Related to the expense category of fiscal charges is the matter of the amount of long-term debt outstanding at the end of the year. As at December 31, 1987, the amount of long-term debt was $35,337,725 compared to a high of $41,832,525 as at December 31, 1985. Should the amount of long-term debt outstanding continue to decline according to the plan established in 1985, there will be more flexibility in the delivery of services to the citizens of our City in the years to come.

WATER & SEWERAGE UTILITY

The financial results of the Water & Sewerage Utility of the City of Saint John reflect better performance than what was originally contemplated when Council approved the 1987 budget. Council approved a budget which estimated gross revenue of $13,093,800 and expenditures of the same magnitude. In contrast to this breakeven budget, actual revenue amounted to $13,283,790; total expenditures to $13,131,194 leaving the Utility with an excess of revenue over expenditures of $152,596 in 1987.

As indicated, total revenues earned by the Utility amounted to $13,283,790; $189,990 more than budget. Of this amount $99,238 arose from increased charges to the General Fund for Storm Sewerage Charges and Water Supply for Fire Protection. The balance of $90,752 arose from increased revenue from customers of the Utility as a result of increases in consumption and more revenue from the sale of water permits due to increased construction activity.

On the expenditure side, the direct operating expenses of the Utility were $219,142 more than the $7,452,100 which was budgeted. Much of this was attributable to overexpenditures for manhole covers as a result of road resurfacing, fire hydrant replacement as a result of damage caused during snow removal in early 1987, and increased costs associated with numerous breaks and freeze-ups. Offsetting this overexpenditure in operations was an underexpenditure of $181,748 in the fiscal services budget.

The Utility now has an accumulated deficit of $68,198, considerably less than the $220,794 and $188,425 that existed at the end of 1986 and 1985 respectively. This is an important point since ultimately the Utility must ensure that neither major surpluses nor deficits are allowed to occur. Deficits must be picked up by rate increases in future years and accumulated surpluses would indicate that the rates that have been charged to customers were too high. The trend which exists in the City's Water & Sewerage Utility indicates that the rate structure that Council has approved is ensuring that the Utility is being adequately funded.

THE CITY OF SAINT JOHN
GENERAL FUND
1987 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN
GENERAL FUND

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1987

Coopers
&Lybrand

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&Lybrand

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February 26, 1988

AUDITORS' REPORT

TO HER WORSHIP THE MAYOR AND MEMBERS OF
COMMON COUNCIL OF THE CITY OF SAINT JOHN

We have examined the Operating Fund Balance Sheet, Capital and Loan Fund Balance Sheet and Sinking Fund, Reserve and Trust Funds Balance Sheet of The City of Saint John General Fund as at December 31, 1987 and the related Statements of Revenue and Expenses and Equity for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the General Fund of the City as at December 31, 1987 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Cosman
P D J LeBlanc
L G Warren

THE CITY OF SAINT JOHN
GENERAL FUND

OPERATING FUND BALANCE SHEET AS AT DECEMBER 31, 1987

A S S E T S

	1987 $	1986 $
Cash and short-term deposits	2,761,024	5,129,714
Accounts receivable	472,182	603,067
Due from associated entities		
Water and Sewerage Utility - Operating Fund	1,515,953	1,199,849
- Capital and Loan Fund	856,485	2,080,712
Saint John Transit Commission	15,541	91,486
The Power Commission of the City of Saint John	188,634	155,349
Due from General Capital and Loan Fund	7,282,095	4,902,724
Inventory of materials and supplies, at the lower of cost and replacement cost	340,097	312,634
	13,432,011	14,475,535

L I A B I L I T I E S A N D E Q U I T Y

Bank indebtedness	844,000	3,048,900
Cheques in circulation	1,078,609	630,551
Accounts payable and accrued charges	7,323,051	5,733,274
Debentures matured and payable	163,800	14,800
Interest payable on long-term debt	853,841	949,157
Due to Sinking, Reserve & Trust Funds	1,228,781	100,000
Due to associated entities		
Pension Fund of The City of Saint John	317,497	1,123,066
Saint John Parking Commission	918,873	833,987
City of Saint John - Housing Operations (note 2)	-	1,119,192
Saint John Non Profit Housing Inc.	42,091	-
Deferred revenue	44,889	104,610
Total liabilities	12,815,432	13,657,537
Equity	616,579	817,998
	13,432,011	14,475,535

SIGNED ON BEHALF OF THE COUNCIL

_____
Mayor

_____
Chairman
Finance Committee

THE CITY OF SAINT JOHN
GENERAL FUND

OPERATING FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 $	1986 $
EQUITY - BEGINNING OF YEAR	817,998	1,163,475
Add: Excess of revenue over expenses for the year	221,855	394,724
	1,039,853	1,558,199
Deduct: Excess of revenue over expenses - second previous year (note 1)	423,274	740,201
EQUITY - END OF YEAR	616,579	817,998

THE CITY OF SAINT JOHN
GENERAL FUND

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1987

	Page Reference	1987 Budget $	1987 Actual $	1986 Actual $
REVENUE				
Property and business taxes		36,684,583	36,684,583	35,105,465
Unconditional grant - Province of New Brunswick		28,667,193	28,667,193	27,042,759
Sale of goods and services	11	1,679,900	1,941,379	1,620,875
Other revenue from own sources	11	2,350,700	2,547,583	2,460,642
Conditional grants from other governments	11	736,900	730,967	700,717
Miscellaneous revenue		80,100	111,325	225,547
Excess of revenue over expenses - second previous year (note 1)	8	423,274	423,274	740,201
TOTAL REVENUE FOR THE YEAR		70,622,650	71,106,304	67,896,206
EXPENSES				
General government services	12	4,607,650	4,628,014	4,697,457
Protective services	12	23,575,175	23,889,912	22,391,627
Transportation services	13	17,345,700	17,251,647	16,213,838
Environmental health services		1,341,200	1,584,933	1,317,120
Environmental development services	13	6,947,400	6,698,093	6,807,562
Recreational and cultural services	14	6,329,525	6,679,638	6,263,983
Fiscal services	14	10,476,000	10,097,772	9,773,943
Cost shared programs		-	54,440	35,952
TOTAL EXPENSES FOR THE YEAR		70,622,650	70,884,449	67,501,482
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR		-	221,855	394,724

THE CITY OF SAINT JOHN
GENERAL FUND

CAPITAL AND LOAN FUND BALANCE SHEET

AS AT DECEMBER 31, 1987

A S S E T S

	1987 $	1986 $
Due from associated entities		
Saint John Transit Commission	441,290	429,527
City of Saint John - Housing Operations (note 2)	-	232,940
Saint John Non Profit Housing Incorporated	914,121	87,638
	1,355,411	750,105
Mortgage receivable	76,500	81,000
Due from Government of Canada	168,820	-
Due from Province of N. B.	217,000	-
Due from Sinking Fund	669,400	75,000
	2,487,131	906,105
Investments in shares of wholly owned company, Saint John Industrial Parks Ltd., at cost	994	994
FIXED ASSETS (notes 1 and 3)		
Land, buildings, plant and equipment and engineering structures	138,406,662	132,142,405
	140,894,787	133,049,504

L I A B I L I T I E S A N D E Q U I T Y

Debenture debt (note 3)	30,869,798	32,019,440
Other long-term debt (note 3)		
Canada Mortgage and Housing Corporation	1,670,340	1,837,831
Department of Regional Industrial Expansion	2,754,599	2,873,753
The Government of Canada	40,174	46,797
Municipal Development and Loan Board	2,814	2,900
	35,337,725	36,780,721
Debenture funds due to The Power Commission of the City of Saint John (note 3)	-	903,779
Due to General Operating Fund	7,282,095	4,902,724
Equity	98,274,967	90,462,280
	140,894,787	133,049,504

THE CITY OF SAINT JOHN
GENERAL FUND

CAPITAL AND LOAN FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 $	1986 $
EQUITY - BEGINNING OF YEAR	90,462,280	81,256,114
Debt repaid during the year by the General Operating Fund		
Debenture debt	4,631,442	4,722,312
Capital projects financed from the Operating Fund	1,059,514	567,350
Canada Mortgage and Housing Corporation	167,491	200,059
Department of Regional Industrial Expansion	119,155	109,443
The Government of Canada	6,623	6,219
Municipal Development and Loan Board	86	1,171
	5,984,311	5,606,554
Contributions in aid of construction		
Provincial government and agencies	276,139	949,487
Transfer from other City funds		
Sinking Fund	5,000	870,368
Building Depreciation Fund	-	55,282
Airport Sale Fund	-	3,922
	5,000	929,572
Proceeds on land sales in excess of estimated cost (note 1)	78,798	418,948
Fixed assets purchased by the General Operating Fund	1,468,439	1,301,605
EQUITY - END OF YEAR	98,274,967	90,462,280

THE CITY OF SAINT JOHN
GENERAL FUND

SINKING FUND, RESERVE AND TRUST FUNDS B

AS AT DECEMBER 31, 1987

	Reserve Funds						
	Sinking Fund $	Equipment Replacement Fund $	Airspace 2049 Fund $	S.J. N.P.H. Sinking Fund $	Land Sub-Division Fund $	Tucker Fund $	Recreation Development Fund $
							A S S E T S
Cash	21,904	18,593	-	-	287	41	346
Term deposits	-	297,000	-	-	278,000	52,400	37,700
Accrued interest	2,155	2,614		-	4,036	1,115	971
Marketable securities, at lower of cost and market	60,000	2,000	40,782	-	52,951	21,000	24,482
Land improvements	-	-	-	-	-	4,784	-
Due from General Operating Fund	-	-	-	713,060	17,000	-	-
	84,059	320,207	40,782	713,060	352,274	79,340	63,499
							L I A B I L I T Y A N D E Q
Due to General Capital and Loan Fund	75,000	-	-	594,400	-		-
Equity	9,059	320,207	40,782	118,660	352,274	79,340	63,499
	84,059	320,207	40,782	713,060	352,274	79,340	63,499

THE CITY OF SAINT JOHN
GENERAL FUND

RESERVE AND TRUST FUNDS BALANCE SHEET

AS AT DECEMBER 31, 1987

	Trust Funds								
Tucker Fund $	Recreation Development Fund $	Stockford Fund $	O'Connell Fund $	L.R. Ross Fund $	A. Carle Smith Fund $	Bi-Centennial Fund $	S.J. N.P H. Future Development Fund $	Total 1987 $	Total 1986 $
A S S E T S									
41	346	75	76	55	45	-	-	41,422	45,000
52,400	37,700	53,500	24,400	12,000	7,700	505	-	763,205	562,364
1,115	971	776	550	232	192	8	-	12,649	10,592
21,000	24,482	10,000	10,992	4,700	4,000	-	-	230,907	190,603
4,784	-	-	-	-	-	-	-	4,784	4,784
-	-	-	-	-	-	-	498,721	1,228,781	100,000
79,340	63,499	64,351	36,018	16,987	11,937	513	498,721	2,281,748	913,343
B I L I T Y A N D E Q U I T Y									
	-	-	-	-	-	-	-	669,400	75,000
79,340	63,499	64,351	36,018	16,987	11,937	513	498,721	1,612,348	838,343
79,340	63,499	64,351	36,018	16,987	11,937	513	498,721	2,281,748	913,343

THE CITY OF SAINT J
GENERAL FUND

SINKING FUND, RESERVE AND

STATEMENT OF CHANGES IN

FOR THE YEAR ENDED DECEMBE

	Reserve Funds						
	Sinking Fund $	Equipment Replacement Fund $	Airspace 2049 Fund $	S.J. N.P.H. Sinking Fund $	Land Sub-Division Fund $	Tucker Fund $	Recrea Develop Fun $
INCREASES IN EQUITY:							
Interest	6,095	16,932		57,990	26,184	6,173	5,0
Gain on sale of securities	-	-	-	-	-	-	-
Transfer from General Fund	-	100,000	42,223	138,000	17,000	-	-
Contributions from subdividers	-	-	-	-	14,174	-	-
	6,095	116,932	42,223	195,990	57,358	6,173	5,0
DECREASE IN EQUITY							
Transfers to General Fund	5,000	-	-	77,330	-	-	-
Transfers to Horticultural Assoc.	-	-	-	-	-	-	-
Decline in value of Securities	-	-	1,441	-	-	-	-
Purchase of Trophies	-	-	-	-	-	-	-
Purchase of Equipment	-	81,450	-	-	-	-	-
	5,000	81,450	1,441	77,330	-	-	-
INCREASE (DECREASE) IN EQUITY DURING THE YEAR	1,095	35,482	40,782	118,660	57,358	6,173	5,0
EQUITY - BEGINNING OF YEAR	7,964	284,725	-	-	294,916	73,167	58,4
EQUITY - END OF YEAR	9,059	320,207	40,782	118,660	352,274	79,340	63,4

E CITY OF SAINT JOHN
GENERAL FUND

UND, RESERVE AND TRUST FUNDS

ENT OF CHANGES IN EQUITY

EAR ENDED DECEMBER 31, 1987

	Trust Funds									
Tucker Fund $	Recreation Development Fund $	Stockford Fund $	O'Connell Fund $	L.R. Ross Fund $	A. Carle Smith Fund $	Bi-Centennial Fund $	S.J. N.P.H. Future Development Fund $	Total 1987 $	Total 1986 $
6,173	5,050	5,271	2,977	1,416	968	52	37,257	166,365	115,322
-	-	-	-	-	-	-	-	-	10,447
-	-	-	-	-	-	-	470,726	767,949	100,000
-	-	-	-	-	-	-	-	14,174	43,408
6,173	5,050	5,271	2,977	1,416	968	52	507,983	948,488	269,177
-	-	-	-	-	-	-	9,262	91,592	929,573
-	-	-	-	-	-	-	-	-	1,948
-	-	-	-	-	-	-	-	1,441	78
-	-	-	-	-	-	-	-	-	395
-	-	-	-	-	-	-	-	81,450	314,538
-	-	-	-	-	-	-	9,262	174,483	1,246,532
6,173	5,050	5,271	2,977	1,416	968	52	498,721	774,005	(977,355)
73,167	58,449	59,080	33,041	15,571	10,969	461	-	838,343	1,815,698
79,340	63,499	64,351	36,018	16,987	11,937	513	498,721	1,612,348	838,343

THE CITY OF SAINT JOHN
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The General Fund financial statements of The City of Saint John have been prepared in accordance with the fund basis of accounting. The Operating Fund reflects the City's working capital and results of operations and the Capital and Loan Fund reflects its investment in fixed assets and outstanding long-term debt.

Fixed assets and depreciation

Fixed assets are initially recorded at cost. Funds received through capital assistance programs, cost sharing arrangements or loan forgiveness are treated as additions to equity in capital assets, except where the asset was acquired under the Urban Renewal Program. In these cases the funds received are netted against the asset cost.

The City does not record depreciation but an amount equal to annual debt repayment is charged to operations and credited to equity in capital assets.

Accrual accounting

The City follows the accrual method of accounting for revenue and expenses.

Accounting for second previous year's operating results

Section 89 of the Municipalities Act of New Brunswick requires that the excess of revenue over expense for a fiscal year be included in revenue in the second ensuing year and that similarly, the excess of expense over revenue for a fiscal year be included in expense in the second ensuing year.

2. CITY OF SAINT JOHN - HOUSING OPERATIONS

Effective January 1, 1987 the City of Saint John transferred its housing operations to Saint John Non Profit Housing Incorporated.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

3. DEBENTURE AND OTHER LONG-TERM DEBT

The aggregate amount of principal payments required on the General Fund's long-term debt in each of the next five years is as follows:

	$
1988	5,067,000
1989	4,876,000
1990	4,865,000
1991	4,757,000
1992	4,693,000

Fixed assets include $5,476,570 (1986 - $5,000,204) for which financing has not been arranged at the year end.

4. PENSION PLAN

Pension benefits are provided to employees of The City of Saint John under the Saint John City Pension Act, 1970. Employees contribute to the plan, which provides for service pensions based on length of service and rate of pay. The City's contribution limits are fixed by legislation at approximately seven percent of employee earnings. In addition, the City contributes $135,000 per year, to the year 1997 and $86,000 thereafter, in recognition of past service benefits. The City charges to expense its contributions, including the $135,000 on an annual basis.

5. COMMITMENTS

Saint John Transit Commission

During 1979, Saint John Transit Commission was created by an Act of the Legislative Assembly of New Brunswick. Under provisions of the Act the Commission has the authority to maintain and operate a public transit system within The City of Saint John, with all operating losses and debt charges being funded by the City. The City of Saint John is also liable for the debentures issued on behalf of the Commission which at December 31, 1987 amounted to $1,501,500 (1986 - $1,254,500).

In 1979, The City of Saint John financed the acquisition of fifteen transit coaches under a capital lease agreement. Under the terms of the agreement, semi-annual lease payments of $70,103 plus provincial sales tax commenced in September of 1979 and will expire on April 1, 1995, unless certain purchase options have been exercised.

THE CITY OF SAINT JOHN
GENERAL FUND

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

5. COMMITMENTS - continued

Saint John Aquatic Centre

During 1984, Saint John Aquatic Centre Commission was created by an Act of the Legislative Assembly of New Brunswick. Under provisions of the Act the Commission has the authority to maintain and operate the Canada Games Aquatic Centre with all operating losses being funded by the City.

Lease commitments

The City of Saint John's lease on the City Hall building has annual payments of $605,000 until 1992 and $557,000 to the expiry date of the lease in 1995. In addition, the City is responsible for property taxes and operational costs above fixed base amounts.

Market Square Central Building Complex - lease agreements

The Central Building Complex of the Market Square Project was opened to the public in May 1983. This complex includes the library, trade and convention centre, parking garage and retail and commercial space. Under the terms of three, sixty-six year leases, The City of Saint John is responsible for the proportionate share of the complex's common area operating expenses, including property taxes, related to the library, trade and convention centre and parking garage.

6. SAINT JOHN TRADE AND CONVENTION CENTRE

The Saint John Trade and Convention Centre is owned by The City of Saint John and operated by Hilton Canada Inc. under a management agreement dated June 1, 1984. According to the terms of this agreement the City is responsible for the operating loss of the Centre.

7. CONTINGENCIES

The City of Saint John is liable for the debentures and other long-term debt issued on behalf of its self-supporting entities; The Water and Sewerage Utility, The Power Commission of The City of Saint John, Saint John Non Profit Housing Incorporated, City of Saint John - Housing Operations and Saint John Parking Commission. The total of such debt outstanding at December 31, 1987 was $31,377,000 (1986 - $31,040,000).

In addition, the City has guaranteed four loans of varying amounts of third parties in the aggregate amount of $960,000 (1986 - $988,000).

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF REVENUE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1987

	Budget 1987 $	Actual 1987 $	Actual 1986 $
SALE OF GOODS AND SERVICES			
Protective services			
Fire alarm system	6,000	5,712	5,952
Fire department training school	165,000	174,328	170,081
Rescue squad	10,000	19,500	12,254
Point Lepreau	12,000	12,000	12,000
Garbage collection and disposal	185,000	225,196	163,211
Recreational and cultural	778,400	778,436	744,587
Mechanical and carpentry	358,500	487,655	335,932
Sale of used vehicles	85,000	149,177	98,669
Ambulance service to other municipalities	25,000	34,010	30,129
Administrative service -			
Housing Operations	55,000	55,365	48,060
	1,679,900	1,941,379	1,620,875
OTHER REVENUE FROM OWN SOURCES			
Licenses and permits			
Building	270,000	366,089	274,353
Plumbing	26,000	32,363	27,106
Business and other	20,200	26,279	21,697
	316,200	424,731	323,156
Fines and parking meters			
Parking and traffic violations	526,500	509,535	457,924
Motor vehicle violations	160,000	204,360	162,326
Parking meters	375,000	404,368	398,638
Market Square Parking Garage	635,000	621,111	677,274
	1,696,500	1,739,374	1,696,162
Rentals			
Market	138,000	141,562	136,964
Land and buildings	200,000	241,916	304,360
	338,000	383,478	441,324
	2,350,700	2,547,583	2,460,642
CONDITIONAL GRANTS FROM OTHER GOVERNMENTS			
Federal government and agencies			
Residential Rehabilitation Assistance Program	65,000	48,220	30,790
Canada Assistance Plan	6,000	-	6,000
Other Programs	-	24,215	29,929
Provincial government and agencies			
Transportation services - highways	659,900	643,665	614,148
Economic Development - tourism	6,000	4,611	5,850
Other programs	-	10,256	14,000
	736,900	730,967	700,717

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1987

GENERAL GOVERNMENT SERVICES	Budget 1987 $	Actual 1987 $	Actual 1986 $
Legislative			
Mayor's office	143,350	132,600	142,213
Council expense	161,400	177,866	152,925
General administrative			
City manager	380,500	416,782	524,308
Common clerk	229,200	226,559	228,666
Human Resources	533,400	523,325	448,909
Public relations	77,100	127,377	-
Solicitor	346,800	384,039	410,504
Financial management			
Administration	179,500	179,176	173,738
Accounting	375,200	369,884	383,612
Payroll	125,200	122,981	126,544
Budget control	163,800	159,514	159,717
Billings and collection	135,600	128,875	158,856
Purchasing	191,500	197,905	190,600
Common services			
City Hall building	1,624,900	1,594,324	1,729,351
Data processing services	452,200	403,257	349,286
Other general government services			
Conventions and delegations	10,000	11,393	841
Public liability insurance	250,000	229,791	236,878
Grants to community based organizations	96,500	96,500	97,300
	5,476,150	5,482,148	5,514,248
Deduct administrative costs allocated to the Water and Sewerage Utility	(868,500)	(854,134)	(816,791)
	4,607,650	4,628,014	4,697,457
PROTECTIVE SERVICES			
Police protection	10,417,175	10,494,354	9,803,143
Fire protection			
Salaries and other operating costs	9,896,200	10,067,243	9,520,264
Water supply	1,804,000	1,832,641	1,664,796
Emergency measures			
Ambulance	210,000	210,086	248,123
Rescue services	529,900	530,077	508,273
Other protection			
Building inspection	555,700	593,311	492,028
Animal rescue league	162,200	162,200	155,000
	23,575,175	23,889,912	22,391,627

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1987

TRANSPORTATION SERVICES

	Budget 1987 $	Actual 1987 $	Actual 1986 $
Common services	6,505,300	6,397,657	6,135,387
Road transport			
Roads and streets	5,409,000	5,358,612	4,892,895
Street lighting	640,000	611,453	580,642
Traffic services	268,500	283,828	258,485
Parking	285,100	294,095	313,929
Storm sewer	2,282,000	2,352,597	2,253,404
Public transit (note 5)			
Operating subsidy	1,415,700	1,400,159	1,268,536
Interest expense and capital debt retirement	540,100	553,246	510,560
	17,345,700	17,251,647	16,213,838

ENVIRONMENTAL DEVELOPMENT SERVICES

Administration	98,900	114,224	6,886
Research and planning	716,800	718,697	830,366
Environment and infrastructure	51,000	58,951	-
Real estate management	707,000	627,559	480,554
Market Square Corporation	213,000	213,000	326,897
Environment committee	2,000	418	1,312
Preservation Review Board	19,300	19,754	11,344
Housing	-	-	9,128
Industrial and port promotion	571,700	478,314	488,449
Saint John Trade and Convention Centre (note 6)	401,300	371,191	426,103
Market Square Common Area (note 5)	3,258,000	3,249,478	3,441,936
Tourism and public relations	623,300	586,489	525,167
City market	265,100	250,674	249,142
Public celebrations and receptions	20,000	9,344	10,278
	6,947,400	6,698,093	6,807,562

THE CITY OF SAINT JOHN
GENERAL FUND

SCHEDULE OF EXPENSE ITEMS

FOR THE YEAR ENDED DECEMBER 31, 1987

RECREATIONAL AND CULTURAL SERVICES

	Budget 1987 $	Actual 1987 $	Actual 1986 $
Recreational			
Administration	528,100	534,414	480,366
Community centres and halls	674,700	630,736	605,639
Athletics and aquatics	185,100	172,210	194,278
Saint John Aquatic Centre (note 5)	450,000	525,350	418,886
Golf course and driving range	303,900	312,032	310,554
Skating rinks and arenas	1,028,400	1,083,019	1,055,997
Amusement parks	362,500	352,158	406,452
Parks and playgrounds	1,720,000	1,721,758	1,746,175
Major Tournaments Committee			
- World Chess Festival	-	252,685	60,000
- Under 16 Soccer	-	55,626	-
- Other	60,000	52,075	30,568
Cultural			
Administration	44,500	30,403	43,378
Museums	41,700	41,700	41,700
Libraries	195,700	196,310	105,830
Cherry Brook Zoo	84,000	84,000	82,000
Band concerts	14,300	14,737	15,513
Grants	636,625	620,425	666,647
	6,329,525	6,679,638	6,263,983

FISCAL SERVICES

Debt charges			
Interest			
Debenture debt	3,785,900	3,780,821	4,336,331
Other debt - net of interest on short term investments	415,800	43,821	(260,276)
Principal instalments			
Debenture debt	4,631,400	4,631,442	4,722,312
Other long-term debt	293,400	293,355	316,892
Capital projects financed from the General Operating Fund			
- City projects	1,059,500	1,059,514	567,350
- Other associated entities	235,500	235,486	-
Other debt charges	53,500	52,157	90,135
Water department - local improvement levies	1,000	1,176	1,199
	10,476,000	10,097,772	9,773,943

THE CITY OF SAINT JOHN
WATER & SEWERAGE UTILITY
1987 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN
WATER AND SEWERAGE UTILITY

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1987

Coopers
&Lybrand

Coopers
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Coopers & Lybrand (International)

February 26, 1988

AUDITORS' REPORT

TO HER WORSHIP THE MAYOR AND MEMBERS OF
COMMON COUNCIL OF THE CITY OF SAINT JOHN

We have examined the Operating Fund Balance Sheet and the Capital and Loan Fund Balance Sheet of The City of Saint John Water And Sewerage Utility as at December 31, 1987 and the related Statements of Revenue and Expenses and Equity and Deficit for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Water And Sewerage Utility of the City as at December 31, 1987 and the results of its operations and the changes in its equity for the year then ended in accordance with accounting principles generally accepted for municipalities applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Coleman
P D J LeBlanc
L G Wilmer

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

OPERATING FUND BALANCE SHEET AS AT DECEMBER 31, 1987

A S S E T S

	1987 $	1986 $
ACCOUNTS RECEIVABLE	1,061,601	1,025,232
DUE FROM WATER AND SEWERAGE UTILITY CAPITAL AND LOAN FUND	932,621	795,175
INVENTORY OF MATERIALS AND SUPPLIES, AT THE LOWER OF COST AND REPLACEMENT COST	455,840	465,623
	2,450,062	2,286,030

L I A B I L I T I E S A N D E Q U I T Y

ACCOUNTS PAYABLE AND ACCRUED CHARGES	328,487	403,512
UNEARNED REVENUE	-	166,616
INTEREST PAYABLE ON LONG-TERM DEBT	673,820	736,847
DUE TO GENERAL OPERATING FUND	1,515,953	1,199,849
	2,518,260	2,506,824
DEFICIT	68,198	220,794
	2,450,062	2,286,030

SIGNED ON BEHALF OF THE COUNCIL

_____
Mayor

_____
Chairman
Finance Committee

Coopers &Lybrand

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

OPERATING FUND STATEMENT OF DEFICIT

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 $	1986 $
DEFICIT - BEGINNING OF YEAR	220,794	188,425
Excess revenue (expenses) for the year	152,596	(32,369)
DEFICIT - END OF YEAR	68,198	220,794

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 1987

	Budget 1987 $	Actual 1987 $	Actual 1986 $
REVENUE			
Water rates, flat and metered	4,892,000	4,932,837	4,550,761
Sewerage rates, flat and metered	3,258,361	3,328,507	3,003,814
Water supply for fire protection (note 4)	1,804,000	1,832,641	1,664,796
Storm sewerage charge (note 4)	2,282,000	2,352,597	2,253,404
Interest and surcharge	110,000	78,243	87,589
Water and sewer permits	30,000	44,244	45,904
Miscellaneous	6,000	3,282	3,648
	12,382,361	12,572,351	11,609,916
Grant, Environment New Brunswick (note 3)	711,439	711,439	711,439
	13,093,800	13,283,790	12,321,355
EXPENSES			
Water supply			
Purification and treatment	474,000	442,510	432,309
Transmission and distribution	2,163,300	2,350,767	2,065,590
Pumping	623,000	593,745	558,811
Sewage collection and disposal			
Sewage collection system	823,800	951,122	1,039,349
Sewage treatment and disposal	1,214,100	1,169,731	1,114,937
Billing and collection	297,800	297,397	311,527
Administration and general government services (note 4)	1,856,100	1,868,852	1,567,340
Bad debt expense (recoveries)	-	(2,882)	5,607
	7,452,100	7,671,242	7,095,470
EXCESS OF REVENUE OVER EXPENSES BEFORE FISCAL SERVICES	5,641,700	5,612,548	5,225,885
FISCAL SERVICES			
Interest on long-term debt			
Debenture debt	1,926,700	1,878,925	1,837,751
Other long-term interest	678,600	675,911	721,300
Principal instalments			
Debenture debt	2,105,500	2,105,441	1,859,818
Other long-term debt	547,700	547,675	506,009
Interest on short-term debt	383,200	252,000	333,376
	5,641,700	5,459,952	5,258,254
EXCESS REVENUE (EXPENSES) FOR THE YEAR	-	152,596	(32,369)

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

CAPITAL AND LOAN FUND BALANCE SHEET

FOR THE YEAR ENDED DECEMBER 31, 1987

A S S E T S

	1987 $	1986 $
FIXED ASSETS (notes 1 and 2)		
Land, buildings, transmission and distribution system, plant and equipment	79,650,940	77,393,350

L I A B I L I T I E S A N D E Q U I T Y

DEBENTURE DEBT (note 2)	16,937,451	15,872,892
OTHER LONG-TERM DEBT (note 2)		
Canada Mortgage and Housing Corporation	2,681,870	3,016,751
Department of Regional Industrial Expansion	5,235,979	5,439,381
Municipal Development and Loan Board	293,924	303,316
	25,149,224	24,632,340
DUE TO WATER AND SEWERAGE UTILITY OPERATING FUND	932,621	795,175
DUE TO GENERAL OPERATING FUND	856,485	2,080,712
EQUITY	52,712,610	49,885,123
	79,650,940	77,393,350

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

CAPITAL AND LOAN FUND STATEMENT OF EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 $	1986 $
EQUITY - BEGINNING OF YEAR	49,885,123	47,289,188
Debt repaid during the year by the Utility Operating Fund		
Debenture debt	2,105,441	1,859,818
Canada Mortgage and Housing Corporation	334,881	307,391
Department of Regional Industrial Expansion	203,402	189,004
Municipal Development and Loan Board	9,392	9,614
	52,538,239	49,655,015
Fixed assets purchased by the Utility Operating Fund	174,371	230,108
EQUITY - END OF YEAR	52,712,610	49,885,123

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

1. SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The Water and Sewerage Utility financial statements have been prepared in accordance with the fund basis of accounting. The operating fund reflects the Utility's working capital and results of operations and the capital and loan fund reflects its investment in fixed assets and outstanding long-term debt.

Fixed assets and depreciation

Fixed assets are recorded at cost. Funds received through capital assistance programs, cost sharing arrangements, or loan forgiveness are treated as additions to equity in capital assets.

The Utility does not record depreciation on its fixed assets, but an amount equal to annual debt repayment is charged to operations and credited to equity in capital assets.

Accrual accounting

The Utility follows the accrual method of accounting for revenue and expenses.

2. DEBENTURE AND OTHER LONG-TERM DEBT

The aggregate amount of principal payments required on the Utility's long-term debt in each of the next five years is as follows:

	$
1988	2,966,000
1989	2,972,000
1990	2,960,000
1991	2,974,000
1992	2,947,000

Fixed assets include $1,789,106 (1986 - $2,875,887) for which financing has not been arranged at the year end.

THE CITY OF SAINT JOHN

WATER AND SEWERAGE UTILITY

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

3. GRANT, ENVIRONMENT NEW BRUNSWICK

The Utility receives annual grants from the Province of New Brunswick to offset financing costs related to the construction of sewage treatment plants. These grants continue for a period which corresponds with the term of the long-term debt issued to finance the construction costs.

The level of assistance will remain at $711,439 until 1989 at which time it will begin to diminish until its eventual elimination in 1995.

4. TRANSACTIONS WITH THE GENERAL OPERATING FUND

The Water and Sewerage Utility operating fund reimburses the general operating fund of The City of Saint John for a portion of the general government operating costs. In addition, a charge is made to the general operating fund for storm sewerage charges and water supply for fire protection.

THE POWER COMMISSION
OF
THE CITY OF SAINT JOHN
1987 FINANCIAL STATEMENTS

THE POWER COMMISSION

OF THE CITY OF SAINT JOHN

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

DECEMBER 31, 1987

Thorne Ernst & Whinney

Member of Ernst & Whinney International

THE POWER COMMISSION

OF THE CITY OF SAINT JOHN

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

DECEMBER 31, 1987

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Thorne Ernst & Whinney

Chartered Accountants

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AUDITORS' REPORT

To the Commissioners of
The Power Commission of the City of Saint John

We have examined the balance sheet of The Power Commission of the City of Saint John as at December 31, 1987 and the statements of operations and retained earnings, reserve for contingencies, reserve for indemnity insurance and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Ernst & Whinney

March 4, 1988

Member of
Ernst & Whinney
International

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

BALANCE SHEET

	December 31 1987	1986
ASSETS		
CURRENT ASSETS		
Cash	$ 106,500	$ 358,527
Accounts receivable	4,433,636	4,464,914
Inventories	2,594,515	2,229,504
Prepaid expenses	100,131	122,002
	7,234,782	7,174,947
SPECIAL FUNDS (note 1)	2,139,181	1,966,482
PROPERTY, PLANT AND EQUIPMENT (note 2)		
Land, buildings, plant and equipment	27,133,336	25,360,452
Less accumulated depreciation	13,412,694	12,711,132
	13,720,642	12,649,320
	$23,094,605	$21,790,749

APPROVED BY THE COMMISSION:

_____ Chairman

_____ General Manager

	December 31 1987	1986
LIABILITIES		
CURRENT LIABILTIES		
Bank overdraft	$ 304,322	$ -
Payable to the New Brunswick Electric Power Commission	4,541,757	4,330,148
Accounts payable and accrued liabilities	948,275	1,004,952
Customers' deposits	61,120	55,540
Accrued bond interest	29,618	30,617
Principal due within one year on long term debt	332,917	332,917
	6,218,009	5,754,174
LONG TERM DEBT (note 3)	1,933,334	1,362,472
EARNINGS RETAINED AND USED FOR OPERATIONS		
RESERVE FOR CONTINGENCIES	1,050,000	1,050,000
RESERVE FOR INDEMNITY INSURANCE	600,000	600,000
RETAINED EARNINGS, invested in assets (note 5)	13,293,262	13,024,103
	14,943,262	14,674,103
	$23,094,605	$21,790,749

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	Year ended December 31 1987	1986
Revenue	$47,415,476	$45,653,760
Electrical energy purchased	41,547,066	40,133,268
	5,868,410	5,520,492
Expenses (note 4)		
Operating and maintenance	2,300,291	2,210,452
Commercial administration	1,326,979	1,291,322
General and administration	1,211,542	1,131,919
Plant depreciation	620,353	599,496
Interest on long term debt	232,118	188,150
Taxes	531,073	512,309
	6,222,356	5,933,648
	(353,946)	(413,156)
Other revenue	623,105	725,111
NET REVENUE	269,159	311,955
Appropriation to reserve		
Indemnity insurance	-	250,000
	269,159	61,955
Retained earnings at beginning of year	13,024,103	12,962,148
RETAINED EARNINGS AT END OF YEAR	$13,293,262	$13,024,103

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

STATEMENT OF RESERVE FOR CONTINGENCIES

	Year ended December 31 1987	1986
BALANCE AT BEGINNING AND END OF YEAR	$ 1,050,000	$ 1,050,000

STATEMENT OF RESERVE FOR INDEMNITY INSURANCE

	Year ended December 31 1987	1986
Balance at beginning of year	$ 600,000	$ 350,000
Appropriation	-	250,000
BALANCE AT END OF YEAR	$ 600,000	$ 600,000

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

STATEMENT OF CHANGES IN FINANCIAL POSITION

	Year ended December 31 1987	1986
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Net revenue	$ 269,159	$ 311,955
Depreciation which does not involve cash	1,057,793	959,903
	1,326,952	1,271,858
Changes in non-cash components of working capital		
Accounts receivable	31,278	138,378
Inventories	(365,011)	89,211
Prepaid expenses	21,871	(41,847)
Accounts payable and accrued liabilities	154,932	489,070
Customers' deposits	5,580	(4,235)
Accrued bond interest	(999)	(4,459)
	1,174,603	1,937,976
FINANCING		
Increase in long term debt	903,779	-
Reduction in long term debt	(332,917)	(261,108)
	570,862	(261,108)
INVESTMENTS		
Additions to property, plant and equipment	(2,129,115)	(2,143,681)
Increase in special funds	(172,699)	(155,899)
	(2,301,815)	(2,299,580)
DECREASE IN CASH POSITION	(556,349)	(622,712)
Cash position at beginning of year	358,527	981,239
CASH POSITION AT END OF YEAR	$ (197,822)	$ 358,527
Represented by:		
Cash	$ 106,500	$ 358,527
Bank overdraft	(304,322)	-
	$ (197,822)	$ 358,527

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 1987

GENERAL

The Power Commission of the City of Saint John is the principal supplier of power to the residential, general and industrial sectors of the City of Saint John.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventories

These consist of construction and maintenance supplies and merchandise all valued at cost.

Property, plant and equipment

All property, plant and equipment are stated at cost. Depreciation is provided, for assets in use, on the straight line basis at the following annual rates:

Buildings	2.5%
Transmitting equipment	3.33% and 4%
Tools, working and office equipment	10% and 20%
Rental equipment	15%
Automotive equipment	15% and 20%

Revenue

Billings to residential, general and industrial customers are rendered monthly on a cyclical basis. Municipal street lighting is billed at the end of each month. The Commission does not accrue revenue in respect of items not billed at the end of a fiscal period.

The Commission provides discounts to residential, general and industrial customers for prompt payment of billings. The discounts are not recorded until payment is made by the customers.

1. SPECIAL FUNDS

The special funds are retained to provide for indemnity insurance and contingencies and are represented by the following assets:

	1987	1986
Cash	$ 58,570	$ 128,456
Accrued interest receivable	50,919	51,387
Investments, at cost (quoted market value 1987, $2,116,853; 1986, $2,012,364)	2,029,692	1,786,639
	$ 2,139,181	$ 1,966,482

2. FIXED ASSETS

	1987			1986
	Cost	Accumulated depreciation	Net	Net
Land, buildings and transmitting equipment	$22,813,594	$11,419,156	$11,394,438	$11,117,505
Construction in progress	767,630	-	767,630	362,390
Tools, working and and office equipment	742,440	337,917	404,523	402,233
Rental equipment	1,808,733	1,160,319	648,414	609,099
Automotive equipment	1,000,939	495,302	505,637	158,093
	$27,133,336	$13,412,694	$13,720,642	$12,649,320

3. LONG TERM DEBT

City of Saint John, serial debentures

Interest rate	Maturity date	1987	1986
9.25%	June 15, 1987	$ -	$ 100,000
7.50%	November 1, 1988	8,750	17,500
10.50%	October 1, 1990	200,001	266,668
7.75%	December 1, 1991	150,000	187,500
8.25%	December 15, 1992	62,500	75,000
8.75%	December 15, 1993	45,000	52,500
10.75%	December 1, 1994	350,000	400,000
10.50%	September 1, 1996	450,000	500,000
9.50%	June 15, 1997	1,000,000	1,000,000
		2,266,251	2,599,168
Less principal due within one year on long term debt		332,917	332,917
		1,933,334	2,266,251
Undrawn funds for capital financing		-	(903,779)
		$ 1,933,334	$ 1,362,472

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

NOTES TO FINANCIAL STATEMENTS

3. LONG TERM DEBT (Continued)

Principal repayments on long term debt due within each of the next five years are as follows:

1988	$ 332,917
1989	$ 324,167
1990	$ 324,167
1991	$ 257,500
1992	$ 220,000

4. DEPRECIATION

Depreciation for the year amounted to $1,057,793 ($959,903 in 1986) and is included in these financial statements as part of the various expense categories.

5. RETAINED EARNINGS

Under the regulations of the Municipalities Act, the Commission is permitted to establish a reserve fund with respect to the financing of capital assets. Transfers to such a fund in any one year may not exceed 7% of gross revenue from the sale of electric power.

The Commission has, as administrative practice, accumulated retained earnings to the extent that the annual increments complied with the 7% guideline. In no year has the amount appropriated exceeded the amount permitted by the regulations.

Thorne Ernst & Whinney
Chartered Accountants

Harbour Building
133 Prince William Street
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Saint John, New Brunswick, Canada
E2L 3V6

(506) 634-1000

AUDITORS' REPORT ON OTHER FINANCIAL INFORMATION

Power Commission of the
City of Saint John
Saint John, N.B.

The audited financial statements of the Commission and our report thereon are presented in the preceding section of this report. The following information is presented for purposes of additional analysis and is not required for a fair presentation of the financial position, results of operations, or changes in the financial position of the Commission. Such information has been subjected to the auditing procedures applied in our examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Thorne Ernst & Whinney

March 4, 1988

Member of
Ernst & Whinney
International

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF REVENUE

	Year ended December 31 1987	1986
Lighting and power		
Residential service	$21,798,392	$20,990,649
General and industrial service	29,915,418	28,810,076
Municipal street lighting	783,352	744,402
	52,497,162	50,545,127
Customers' discounts	5,081,686	4,891,367
	$47,415,476	$45,653,760

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF DETAILS OF EXPENSES AND OTHER REVENUE

	Year ended December 31 1987	1986
OPERATING AND MAINTENANCE		
Salaries, wages and related benefits	$ 1,320,450	$ 1,193,522
Stores	73,917	73,140
Automotive equipment (including depreciation)	231,106	209,134
Other equipment	95,540	91,766
Substations	139,720	109,678
Poles, towers and fixtures	201,052	276,955
Conductors	123,310	155,288
Line transformers and devices	29,733	27,660
Meters and devices	8,824	16,918
Consumers' premises	3,653	2,678
Street lighting	72,986	53,713
	$ 2,300,291	$ 2,210,452
COMMERCIAL ADMINISTRATION		
Salaries	$ 1,078,839	$ 1,067,271
Meter reading supplies	7,069	7,592
Billing and collecting	69,970	89,803
Bad debt provision	135,043	86,417
Business promotion	36,058	40,239
	$ 1,326,979	$ 1,291,322

THE POWER COMMISSION OF THE CITY OF SAINT JOHN

SCHEDULE OF DETAILS OF EXPENSES AND OTHER REVENUE (Continued)

	Year ended December 31 1987	1986
GENERAL AND ADMINISTRATION		
Salaries and fees	$ 363,264	$ 362,657
Office supplies	153,113	113,869
Telephone and telegraph	37,475	35,776
Professional services	21,134	18,417
General insurance	11,154	12,079
Unemployment insurance	43,171	40,798
Group insurance	24,881	23,499
Canada Pension	24,515	22,628
Blue Cross	77,179	56,911
Workers' compensation	19,518	15,329
Contributions to employees' pension fund	145,084	123,481
Depreciation of furniture and office equipment	41,350	37,184
Building	177,852	200,068
Miscellaneous	71,852	69,223
	$1,211,542	$ 1,131,919
OTHER REVENUE		
Interest	$ 274,446	$ 341,074
Connection charges	104,455	103,726
Sundry	244,204	280,311
	$ 623,105	$ 725,111

SAINT JOHN TRANSIT COMMISSION
1987 FINANCIAL STATEMENTS

SAINT JOHN TRANSIT COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 1987

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
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One Brunswick Square
Saint John, N.B., Canada
E2L 4V1
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AUDITORS' REPORT

To the Commissioners of the
Saint John Transit Commission:

We have examined the balance sheet of the Saint John Transit Commission as at December 31, 1987 and the statements of operations and equity and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Saint John, Canada,
February 25, 1988.

Clarkson Gordon
Chartered Accountants

SAINT JOHN TRANSIT COMMISSION

BALANCE SHEET

DECEMBER 31, 1987

	1987	1986
ASSETS		
Current:		
Cash	$ 20,616	$ 48,657
Short-term deposits	175,000	200,000
Accounts receivable (note 2)	78,818	49,973
Inventory of spare parts	162,521	142,070
Prepaid expenses	17,566	20,128
	454,521	460,828
Fixed (note 3)	2,801,150	2,617,524
	$3,255,671	$3,078,352
LIABILITIES AND EQUITY		
Current liabilities:		
Trade accounts payable and accrued charges	$ 392,748	$ 321,432
Due to the City of Saint John for underexpenditure of operating subsidy	15,541	93,164
Current portion of long-term debt (note 4)	308,000	258,000
	716,289	672,596
Long-term debt (note 4)	2,454,882	2,321,256
Equity	84,500	84,500
	$3,255,671	$3,078,352

(See accompanying notes)

On behalf of the Commission:

Commissioner

Commissioner

SAINT JOHN TRANSIT COMMISSION

STATEMENT OF OPERATIONS AND EQUITY

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Revenue:		
Fares	$1,741,406	$1,737,644
Senior citizens' subsidy	50,000	50,000
Charter	94,175	54,688
Other	16,513	9,106
Advertising	32,830	26,380
Interest	10,815	10,621
	1,945,739	1,888,439
Expenditures: (schedule 1)		
Transportation	2,153,713	2,075,473
Vehicle maintenance	937,933	878,756
General and administrative	254,252	202,746
	3,345,898	3,156,975
Cost of operations before undernoted items	1,400,159	1,268,536
Long-term debt interest	289,021	295,555
Depreciation	258,138	215,004
	547,159	510,559
Total cost of operations	$1,947,318	$1,779,095
Subsidies from the City of Saint John:		
Operating	$1,400,159	$1,268,536
Interest and debt reduction	547,159	510,559
	$1,947,318	$1,779,095
Equity	$ 84,500	$ 84,500

(See accompanying notes)

SAINT JOHN TRANSIT COMMISSION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Cash provided by (used for):		
Operations:		
Net operating loss	$(1,947,318)	$(1,779,095)
Less depreciation, a non-cash item	258,138	215,004
Subsidies from the City of Saint John -		
Operating	1,400,159	1,268,536
Interest on long-term debt	289,021	295,555
Net change in non-cash working capital balances (note 6)	(53,041)	30,027
	(53,041)	30,027
Financing:		
Repayment of debentures	(183,000)	(146,000)
Repayment of capital leases	(75,138)	(69,004)
Long-term debt subsidy from the City of Saint John	258,138	215,004
Purchase of fixed assets financed by the City of Saint John	441,290	429,526
	441,290	429,526
Investments:		
Capital expenditures	(441,290)	(429,526)
Increase (decrease) in cash and short term deposits	(53,041)	30,027
Cash and short term deposits, beginning of year	248,657	218,630
Cash and short term deposits, end of year	$ 195,616	$ 248,657

(See accompanying notes)

SAINT JOHN TRANSIT COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. Significant accounting policies

(a) Basis of accounting

Saint John Transit Commission follows generally accepted accounting principles, except for depreciation accounting which is discussed in 1(c) below.

(b) City of Saint John

Saint John Transit Commission was established by the City of Saint John to operate the public transit system. The City has the obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Any amount due to or from the City at year end results from the difference between regular monthly payments received from the City and operating expenditures for the year.

(c) Fixed assets

Asset acquisitions are recorded at cost, less direct funding provided by the Urban Transportation Assistance Program. Depreciation is measured as an amount equal to the annual debt reduction and is charged to operations and credited against asset costs.

(d) Inventory

Inventory of spare parts is carried at cost or replacement cost, whichever is lower. Cost is defined as average laid down cost.

(e) Capital lease obligations

Long-term lease transactions related to the financing of motor vehicles are accounted for as capital leases. The capitalized lease obligations reflect the present value of future rental payments discounted at the interest rate implicit in the lease; a corresponding amount has been capitalized as the cost of the leased assets.

(f) Subsidies

Operating subsidies received from the City of Saint John are recognized as revenue when operating expenditures are incurred.

Subsidies on account of long-term debt retirement are recognized when each year's obligations of the Saint John Transit Commission are funded by the City.

(g) Transcard revenue

Transcard receipts are recognized in revenue as sales are made to the public.

2. Accounts receivable

Accounts receivable consist of the following:

	1987	1986
Trade accounts receivable	$58,246	$48,295
Due from the City of Saint John for capital expenditures	20,572	1,678
	$78,818	$49,973

3. Fixed assets

Details of fixed assets are as follows:

	1987	1986
Land	$ 77,470	$ 77,470
Building	2,920,480	2,920,480
Motor vehicles - purchased	2,518,475	2,108,723
- leased	1,294,218	1,294,218
Transportation equipment	83,700	64,942
Office equipment	40,427	39,671
Computer equipment	23,996	14,896
Maintenance equipment	56,189	52,791
Bus shelters and signs	75,535	75,535
	7,090,490	6,648,726
Deduct funding provided by the Urban Transportation Assistance Program	2,600,311	2,600,311
	4,490,179	4,048,415
Less reduction of debt related thereto	1,689,029	1,430,891
	$2,801,150	$2,617,524

4. Long-term debt

Long-term debt represents obligations of the City of Saint John and consists of:

	1987	1986
Long-term debt related to outstanding serial debentures issued by the City of Saint John and allocated to the Saint John Transit Commission as follows:		
17 ¼% - March 1, 1992	$ 300,000	$ 360,000
17 ¼% - September 2, 1992	387,500	465,000
10 ¼% - 11 ¼% - May 16, 1993	51,000	59,500
9% - 10% - December 1, 1996	333,000	370,000
9 ¼% - 10 ¼% - December 22, 1997	430,000	
Net cash advances from the City of Saint John against capital and other expenditures	441,290	429,526
Capital lease obligations	820,092	895,230
	2,762,882	2,579,256
Less current portion	308,000	258,000
	$2,454,882	$2,321,256

The long-term debt was incurred by the City of Saint John with respect to capital and other expenditures made on behalf of the Commission. The capital lease obligations were undertaken by the City of Saint John for the acquisition of motor vehicles and were allocated to the Commission.

Annual repayment of long-term debt for debentures and capital leases is as follows:

Year	Debentures	Capital leases	Total
1988	$ 226,000	$ 82,000	$308,000
1989	226,000	89,000	315,000
1990	226,000	97,000	325,000
1991	226,000	106,000	332,000
1992	226,000	115,000	341,000
	1,130,000	489,000	1,619,000
Thereafter	371,500	1,160,079	1,531,579
	$1,501,500	1,649,079	3,150,579
Less imputed interest 8.7%		828,987	828,987
		$ 820,092	$2,321,592

5. Capital lease

The capital lease agreement financed the acquisition of fifteen motor vehicles. Under the terms of the agreement, semi-annual lease payments of $75,712 commenced in September of 1979 and will expire on April 1, 1995, unless certain purchase options have been exercised.

The present value of the minimum lease payments and purchase option and the corresponding amount capitalized as the cost of the assets is as follows:

Total minimum lease payments and purchase option	$2,400,775
Less inputed interest at 8.7%	1,106,557
Present value of minumum lease payments	$1,294,218

6. Net change in non-cash working capital balances

	1987	1986
Increase (decrease) in:		
Trade accounts payable and accrued charges	$ 71,316	$ (15,547)
Due to the City of Saint John for underexpenditure of operating subsidy	(77,623)	74,992
Decrease (increase) in:		
Accounts receivable	(28,845)	(10,094)
Inventory of spare parts	(20,451)	(2,813)
Prepaid expenses	2,562	(16,511)
	$ (53,041)	$ 30,027

7. Income tax

The Saint John Transit Commission qualifies as a Municipal Commission under Section 149(1)(d) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

8. Comparative amounts

Certain of the 1986 accounts have been restated to conform with the presentation adopted for the current year.

SCHEDULE 1

SAINT JOHN TRANSIT COMMISSION

SCHEDULE OF EXPENDITURES

YEAR ENDED DECEMBER 31, 1987

	1987	1986
TRANSPORTATION		
Salaries and wages	$1,398,245	$1,340,593
Gas and oil	364,796	405,272
Fringe benefits	195,839	161,761
Fleet insurance	99,447	107,803
Uniforms	30,702	2,504
Safety awards and allowances	19,206	17,297
Tickets and schedules	15,233	8,056
Miscellaneous	18,480	23,687
Parallel transit	11,765	8,500
	$2,153,713	$2,075,473
VEHICLE MAINTENANCE		
Salaries and wages	$ 461,111	$ 437,861
Supplies and parts	224,213	220,929
Fringe benefits	68,537	58,527
Tools and equipment	12,505	9,310
Heat	86,365	79,398
Real estate taxes	41,723	40,197
Building maintenance	24,538	14,459
Miscellaneous	4,696	2,547
Water	6,745	5,225
Miscellaneous supplies	7,500	10,303
	$ 937,933	$ 878,756
GENERAL AND ADMINISTRATIVE		
Salaries	$ 165,638	$ 123,929
Professional fees	12,340	11,778
Postage, stationery and printing	7,923	8,959
Telephone and radio system	10,038	9,275
Insurance	5,968	5,142
Fringe benefits	15,673	18,380
Advertising	7,553	2,543
Travel	11,707	11,670
Board payments	3,250	3,070
Miscellaneous	14,162	8,000
	$ 254,252	$ 202,746

(See accompanying notes)

SAINT JOHN AQUATIC CENTRE COMMISSION

1987 FINANCIAL STATEMENTS

SAINT JOHN AQUATIC CENTER COMMISSION

FINANCIAL STATEMENTS

DECEMBER 31, 1987

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

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E2L 4V1
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AUDITORS' REPORT

To the Commissioners of the
Saint John Aquatic Center Commission:

We have examined the funds' balance sheets of the Saint John Aquatic Center Commission as at December 31, 1987 and the operating fund's statement of operations, the capital fund's statement of revenue, expenditure and unexpended funds and the operating fund's statement of cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Saint John, Canada,
February 8, 1988.

Clarkson Gordon
Chartered Accountants

SAINT JOHN AQUATIC CENTER COMMISSION

BALANCE SHEET

DECEMBER 31, 1987

OPERATING FUND

ASSETS

	1987	1986
Cash and term deposits	$232,921	$227,262
Accounts receivable	48,298	14,459
Due from the City of Saint John		34,050
Inventory	44,805	48,289
Prepaid expenses	10,543	5,431
	$336,567	$329,491

LIABILITIES

Accounts payable and accrued charges	$124,231	$147,715
Unearned revenue	82,788	67,139
Due to the City of Saint John	18,163	
Due to Capital Fund	111,385	114,637
	$336,567	$329,491

CAPITAL FUND

ASSETS

Due from Operating Fund	$111,385	$114,637
Fixed assets (note 2)	408,092	356,327
	$519,477	$470,964

EQUITY AND UNEXPENDED FUNDS

Equity in fixed assets	$408,092	$356,327
Unexpended funds	111,385	114,637
	$519,477	$470,964

(See accompanying notes)

On behalf of the Commission:

Commissioner

Commissioner

SAINT JOHN AQUATIC CENTER COMMISSION

OPERATING FUND

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1987

	1987		1986
	Actual	Budget	Actual
Revenue:			
Program activities	$ 979,025	$1,151,119	$1,017,545
Expenses:			
Operations -			
Maintenance	598,332	654,520	578,653
Administration	275,861	282,129	342,048
Program	616,669	664,470	567,438
	1,490,862	1,601,119	1,488,139
Net cost of operations	$ 511,837	$ 450,000	$ 470,594
Subsidy from the City of Saint John	$ 511,837	$ 450,000	$ 470,594

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

CAPITAL FUND

STATEMENT OF REVENUE, EXPENDITURE AND UNEXPENDED FUNDS

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Revenue:		
City of Saint John	$ 25,000	$ 24,443
The Saint John 1985 Canada Summer Games Society, Inc.	15,100	250,000
Interest	9,137	
Government of Canada	1,500	
	50,737	274,443
Expenditure:		
Purchase of fixed assets	53,989	159,806
Net revenue (expenditure) for the year	(3,252)	114,637
Unexpended funds, beginning of year	114,637	NIL
Unexpended funds, end of year	$111,385	$114,637

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

OPERATING FUND

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Cash provided by (used for):		
Operations:		
Net cost of operations	$(511,837)	$(470,594)
Subsidy from the City of Saint John	511,837	470,594
	NIL	NIL
Net change in non-cash working capital balances:		
Accounts receivable	(33,839)	11,476
Due from (to) the City of Saint John	52,213	64,243
Inventory	3,484	(20,425)
Prepaid expenses	(5,112)	1,002
Accounts payable and accrued charges	(23,484)	452
Unearned revenue	15,649	8,572
Due to capital fund	(3,252)	114,637
Increase in cash and term deposits	5,659	179,957
Cash and term deposits, beginning of year	227,262	47,305
Cash and term deposits, end of year	$232,921	$227,262

(See accompanying notes)

SAINT JOHN AQUATIC CENTER COMMISSION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. Significant accounting policies

(a) Basis of accounting

The Saint John Aquatic Center Commission follows generally accepted accounting principles, except for depreciation accounting which is discussed in 1(e) below.

(b) City of Saint John

The Saint John Aquatic Center Commission was established by the City of Saint John to operate the Canada Games Aquatic Center. The City has the obligation under the Commission's Act of Incorporation to finance all net operating and capital expenditures. Any amount due to or from the City at the year end results from the difference between regular monthly payments received from the City and net expenditures for the year.

(c) Subsidy

Operating subsidies received from the City of Saint John are recognized as revenue when the operating expenses are incurred.

(d) Inventory

Inventory is recorded at the lower of cost and replacement cost. Cost is defined as laid-down cost, determined on a first-in, first-out basis.

(e) Fixed assets and depreciation

Fixed assets are initially recorded at cost. As these assets are financed by grants no depreciation is recorded.

2. Fixed assets

Fixed assets consist of:

	1987	1986
Administrative	$ 93,184	$ 66,671
Maintenance	67,574	69,341
Program	85,815	84,952
Pedway	75,562	75,562
Facility improvements	85,957	59,801
	$408,092	$356,327

3. Income tax

The Saint John Aquatic Center Commission qualifies as a Municipal Commission under Section 149(1)(d) of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

4. Reclassification of accounts

Certain of the 1986 amounts have been reclassified to conform with the presentation adopted in 1987.

SAINT JOHN PARKING COMMISSION
1987 FINANCIAL STATEMENTS

SAINT JOHN PARKING COMMISSION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1987

Coopers
&Lybrand

Coopers
&Lybrand

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Canada E2L 4B9

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a member firm of
Coopers & Lybrand (International)

February 26, 1987

AUDITORS' REPORT TO THE MEMBERS OF
SAINT JOHN PARKING COMMISSION

We have examined the balance sheet of the Saint John Parking Commission as at December 31, 1987 and the statements of income and equity, and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Commission as at December 31, 1987 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Coombs
P D J LeBlanc
L S Wilson

SAINT JOHN PARKING COMMISSION

BALANCE SHEET AS AT DECEMBER 31, 1987

A S S E T S

	1987 $	1986 $
CURRENT ASSETS		
Cash	2,880	2,002
Accounts receivable - trade	11,199	3,030
Due from City of Saint John	918,873	833,987
Chipman Hill receivable	34,260	40,815
	967,212	879,834
PROPERTY AND LEASEHOLD IMPROVEMENTS		
Land, off-street parking lots at cost	193,619	228,963
Parking garage - land and structure (note 3)	5,231,600	5,364,600
Leasehold improvements at cost less accumulated amortization	99,969	53,768
	5,525,188	5,647,331
	6,492,400	6,527,165

L I A B I L I T I E S A N D E Q U I T Y

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	43,471	70,105
Parking permit deposits	3,165	-
Rents received in advance	3,230	6,630
Current portion of debenture debt (note 4)	145,000	133,000
	194,866	209,735
DEBENTURE DEBT (note 4)	3,817,000	3,962,000
EQUITY	2,480,534	2,355,430
	6,492,400	6,527,165

APPROVED BY THE COMMISSION

_____
Chairman

Coopers &Lybrand

SAINT JOHN PARKING COMMISSION

STATEMENT OF INCOME AND EQUITY

FOR THE YEAR ENDED DECEMBER 31, 1987

	Budget 1987 $	Actual 1987 $	Actual 1986 $
INCOME			
Parking lot rentals	345,970	420,829	366,570
Chipman Hill rental	-	535,090	33,815
Share of Parking Garage operating profits (note 3)	-	-	7,000
	345,970	955,919	407,385
EXPENSES			
Direct			
Ground rent/leasing costs	24,840	32,670	27,809
Maintenance and repairs	25,000	22,869	15,097
Parking lot supervision	27,600	28,017	27,718
Parking lot attendants	60,900	66,041	52,378
Power	2,400	1,814	1,279
Real estate taxes	75,000	78,836	71,850
Snow removal	19,800	28,461	8,471
Amortization of leasehold improvements	18,000	18,760	17,201
Depreciation	-	133,000	-
	253,540	410,468	221,803
Administrative			
Advertising	-	3,618	-
Commission expenses	2,760	2,674	2,048
Office	9,600	10,748	7,258
Postage	2,280	3,043	2,076
Professional fees	6,000	6,924	19,577
Salaries	56,400	61,271	58,918
Telephone	3,640	2,994	4,226
Travel	2,400	4,328	7,075
Miscellaneous	3,120	2,403	2,547
Convention	5,000	3,312	3,949
Debenture interest	-	402,090	33,815
Parking study	-	20,658	-
	91,200	524,063	141,489
	344,740	934,531	363,292
INCOME FROM OPERATIONS	1,230	21,388	44,093
OTHER INCOME (EXPENSES)			
Interest income	72,000	70,568	68,198
Administrative revenue	19,980	20,000	16,667
Grant revenue	12,000	3,164	2,860
Grant expenses	(12,000)	(4,721)	(2,860)
Gain on sale of land	-	5,822	-
Miscellaneous	-	8,883	-
	91,980	103,716	84,865
NET INCOME FOR THE YEAR	93,210	125,104	128,958
EQUITY - BEGINNING OF YEAR	2,355,430	2,355,430	2,226,472
EQUITY - END OF YEAR	2,448,640	2,480,534	2,355,430

SAINT JOHN PARKING COMMISSION

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 $	1986 $
OPERATING ACTIVITIES		
Net income for the year	125,104	128,958
Items not affecting cash -		
Depreciation	133,000	-
Amortization	18,760	17,201
Gain on sale of land	(5,822)	-
	271,042	146,159
Cash provided by (invested in) non-cash working capital:		
Accounts receivable - trade	(8,169)	1,617
Due from City of Saint John	(84,886)	(147,012)
Chipman Hill receivable	6,555	(13,261)
Payable re: participation in Chipman Hill Parking Garage operation	-	5,563
Accounts payable and accrued liabilities	(26,634)	41,085
Rents received in advance	(3,400)	2,635
Parking permit deposits	3,165	-
	157,673	36,786
FINANCING ACTIVITIES		
Repayment of note	-	(4,095,000)
Issue of debenture debt	-	4,095,000
Repayment of debenture debt	(133,000)	-
	(133,000)	-
INVESTING ACTIVITIES		
Proceeds from disposal of land	41,165	-
Purchase of land and leasehold improvements	(64,960)	(36,596)
	(23,795)	(36,596)
INCREASE IN CASH DURING YEAR	878	190
CASH - BEGINNING OF YEAR	2,002	1,812
CASH - END OF YEAR	2,880	2,002

SAINT JOHN PARKING COMMISSION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

1. GENERAL

The Commission is incorporated under an Act of the New Brunswick legislature and its principal activity is the administration and development of parking in the City of Saint John.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation and amortization

The Commission has adopted the policy of recording depreciation on the Parking Garage at an amount equal to the principal payment on long-term debt.

Leasehold improvements to leased parking lots are being amortized over five years on a straight line basis.

3. PARKING GARAGE - LAND AND STRUCTURE

	1987 $	1986 $
Land	1,250,000	1,250,000
Parking garage structure - at cost	4,114,600	4,114,600
Less: Accummulated depreciation	(133,000)	-
	3,981,600	4,114,600
	5,231,600	5,364,600

In 1977, Brunswick Square Ltd. conveyed land to the Commission on which the Chipman Hill Parking Garage is located subject to the condition that the land always be used for a parking structure. This land is recorded in the accounts of the Commission at an amount estimated to be its fair market value at the time of conveyance from Brunswick Square Ltd.

Effective December 1, 1987, the Commission, Brunswick Square Ltd. and the City of Saint John entered into an agreement whereby the Commission agreed to lease the Chipman Hill Parking Garage to Brunswick Square Ltd. for a period of fifteen years. In addition to paying rent equal to the Commission's interest and capital payments on its debenture debt, Brunswick Square Ltd. has agreed to pay to the Commission one-third of the operating profits of the Parking Garage to a maximum of $895,257. The Commission's share of operating profits for the year ended December 31, 1987 was $Nil (1986 - $7,000).

Brunswick Square Ltd. has agreed to purchase the Parking Garage on December 1, 2001 at a price of $895,258 less any amounts paid to the Commission out of operating profits as noted above.

SAINT JOHN PARKING COMMISSION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

4. DEBENTURE DEBT

The amount of principal payments required on debenture debt in each of the next five years is as follows:

	$
1988	145,000
1989	158,000
1990	173,000
1991	189,000
1992	208,000

5. MUNICIPAL GRANT - CITY OF SAINT JOHN

Under the terms of an agreement between the City of Saint John and the Saint John Parking Commission, the City has agreed to give the Commission an annual grant equal to the municipal portion of any property and business taxes levied on the Chipman Hill Parking Garage. Since 1979 the accumulated municipal portion of such taxes is $788,160.

6. COMMITMENTS

The Parking Commission leases the land on which the Station Street Parking Lot is located under a five year agreement expiring on July 1, 1989. Minimum rental payments for each year of the lease are $20,000 with additional rent being payable equal to 60% of the operating profits from the said lot.

SAINT JOHN NON-PROFIT HOUSING INCORPORATED

1987 FINANCIAL STATEMENTS

SAINT JOHN NON PROFIT HOUSING INCORPORATED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 1987

Coopers
&Lybrand

Coopers
&Lybrand

chartered accountants

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Saint John New Brunswick
Canada E2L 4B9

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a member firm of
Coopers & Lybrand (international)

February 26, 1988

AUDITORS' REPORT TO THE DIRECTORS

We have examined the balance sheet of Saint John Non Profit Housing Incorporated as at December 31, 1987 and the statements of income and operating surplus, reserves and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of Saint John Non Profit Housing Incorporated as at December 31, 1987 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Coopers & Lybrand

CHARTERED ACCOUNTANTS

Resident Partners
L R Cosman
P D J LeBlanc
L G Warren

SAINT JOHN NON PROFIT HOUSING INCORPORATED

BALANCE SHEET AS AT DECEMBER 31, 1987

ASSETS

	1987 $	1986 $
CASH	231,985	268,259
ACCOUNTS RECEIVABLE	42,163	10,932
INTEREST RECEIVABLE	1,818	270
	275,966	279,461
RESTRICTED CASH AND DEPOSITS (note 3)	675,767	330,140
DUE FROM CITY OF SAINT JOHN	42,091	-
LAND, BUILDINGS AND FIXTURES (notes 4 and 5)	13,819,628	11,892,936
	14,813,452	12,502,537

LIABILITIES

ACCOUNTS PAYABLE AND ACCRUED CHARGES	293,124	250,872
DUE TO CITY OF SAINT JOHN	-	27,166
LONG-TERM DEBT (note 5)	14,181,752	12,002,510
	14,474,876	12,280,548

SURPLUS AND RESERVES

OPERATING SURPLUS	24,933	1,423
REPLACEMENT RESERVE (note 3)	198,500	113,221
SUBSIDY SURPLUS RESERVE (note 3)	115,143	107,345
	338,576	221,989
	14,813,452	12,502,537

SIGNED ON BEHALF OF THE BOARD

_____
Director

_____
Director

Coopers &Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF RESERVES

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987				1986
	Bicentennial Court $	Rotary Admiral Beatty $	Harbourside $	Total $	Total $
REPLACEMENT RESERVE (note 3)					
Balance - beginning of year	3,622	27,604	81,995	113,221	64,996
Add: Provision for the year	4,575	34,800	25,000	64,375	30,738
Interest income for the year	598	4,533	15,773	20,904	17,487
Balance - end of year	8,795	66,937	122,768	198,500	113,221
SUBSIDY SURPLUS RESERVE (note 3)					
Balance - beginning of year	9,500	56,500	41,345	107,345	38,158
Add: Provision for the year	-	-	-	-	66,000
Investment income for the year	690	4,096	3,012	7,798	3,187
Balance - end of year	10,190	60,596	44,357	115,143	107,345

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SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 $	1986 $
OPERATING ACTIVITIES		
Provided from operations:		
Net income for the year	87,885	555,652
Items not affecting cash -		
Depreciation	35,106	29,177
Gain on sale of property	-	(426,746)
	122,991	158,083
Cash provided from (used in) non-cash operating items -		
(Increase) decrease in accounts receivable	(31,231)	41,223
(Increase) decrease in interest receivable	(1,548)	1,397
Increase in accounts payable and accrued charges	42,252	51,949
(Decrease) increase in due to the City of Saint John	(27,166)	27,166
Transfer to replacement reserve	(64,375)	(54,529)
Transfer to subsidy surplus reserve	-	(66,000)
	40,923	159,289
FINANCING ACTIVITIES		
Proceeds from issue of long-term debt -		
Rotary Admiral Beatty	-	5,874,289
Bicentennial Court	-	984,122
South End Projects	1,572,550	-
Advances from City of Saint John -		
46-56 St. James Street	458,957	-
Rotary Admiral Beatty	-	195,474
Rotary Admiral Beatty Commercial Space	292,068	-
Bicentenial Court	-	27,417
South End Projects	27,536	33,055
North End Projects	56,701	-
Rotary Club donation for Rotary Admiral Beatty	-	350,000
Repayment of long-term debt	(35,106)	(898,620)
Cancellation of capital stock	-	(13)
	2,372,706	6,565,724
INVESTING ACTIVITIES		
Purchase of fixed assets		
Rotary Admiral Beatty Commercial Space	(292,068)	-
Rotary Admiral Beatty	-	(6,419,763)
46-56 St. James Street	(458,957)	-
Bicentennial Court	-	(188,214)
South End Projects	(1,347,536)	(33,055)
North End Projects	(56,701)	-
(Increase) decrease in due from City of Saint John	(42,091)	100,513
Mortgage funds temporarily invested	(252,550)	-
	(2,449,903)	(6,540,519)
INCREASE (DECREASE) IN CASH	(36,274)	184,494
CASH - BEGINNING OF YEAR	268,259	83,765
CASH - END OF YEAR	231,985	268,259

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SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

1. BASIS OF FINANCIAL STATEMENT PRESENTATION

Effective January 1, 1987 the City of Saint John - Housing Operations transferred legal title to the Rotary Admiral Beatty Complex and the Harbourside Complex along with related assets, liabilities, surpluses and reserves to Saint John Non Profit Housing Incorporated.

In order to provide more informative comparisons of current year's financial information, the comparative figures in these financial statements are presented on a pro-forma basis and include the combined assets, liabilities, surpluses, reserves, and revenues and expenses of Saint John Non-Profit Housing Incorporated and City of Saint John - Housing Operations for the year ended December 31, 1986.

2. ACCOUNTING POLICY

Fixed assets and depreciation

Asset additions which are specifically identified as being part of the original project costs and are financed by long-term debt are capitalized. These assets are depreciated at amounts equal to the principal payments on the related long-term debt.

Other asset additions are charged to the appropriate replacement reserve fund to the extent that a reserve fund is available, excess additions are expensed in the year.

3. RESTRICTED CASH AND DEPOSITS

	1987 $	1986 $
Replacement reserve fund		
Under the terms of an agreement with Canada Mortgage and Housing Corporation (C.M.H.C.) transfers of $4,575 per year for Bicentennial Court (to a maximum of $45,750), $25,000 per year for the Harbourside complex (to a maximum of $250,000) and $34,800 per year for the Rotary Admiral Beatty complex (to a maximum of $348,000), are made to reserve funds for the future replacement of fixed assets. In 1985, an additional $109,574 was transferred to the Harbourside reserve fund in accordance with an option provided by C.M.H.C. This special transfer represents the amount of mortgage financing received in excess of the capital cost of the project and forms part of the $250,000 maximum transfers to the reserve fund. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. The funds in the account may only be used for the replacement of capital equipment.		
Bicentennial Court	8,795	3,622
Rotary Admiral Beatty	66,937	27,604
Harbourside	232,342	191,569
Carried forward	308,074	222,795

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SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

3. RESTRICTED CASH AND DEPOSITS (cont'd)	1987 $	1986 $
Brought forward	308,074	222,795
Subsidy surplus fund		
Under the terms of the agreement with Canada Mortgage and Housing Corporation (C.M.H.C.), excess federal assistance payments received may be retained in a subsidy surplus fund up to a maximum of $500 per unit plus interest thereon. The reserve is to be comprised of monies deposited in a special bank account and/or invested in government bonds or other such securities acceptable to C.M.H.C. The funds in this account may only be used to meet future subsidy requirements of income-tested occupants over and above the maximum federal assistance. The interest earned in the fund is to accrue and be maintained in the fund. The agreement provides that up to 10% of any operating surplus, after accumulating the maximum subsidy surplus fund, may be transferred to other projects assisted under this program that are owned by the recipient and require additional assistance.		
Bicentennial Court	10,190	9,500
Rotary Admiral Beatty	60,596	56,500
Harbourside	44,357	41,345
Mortgage funds temporarily invested		
Funds received for costs to be incurred in 1988 on South End Projects	252,550	-
	675,767	330,140

4. LAND, BUILDINGS AND FIXTURES	1987 $	1986 $
COST		
Rotary Admiral Beatty (net of donations of $350,000 from the Rotary Club and $167,706 from the City of Saint John)	6,168,367	6,069,763
Harbourside	4,814,011	4,814,011
Bicentennial Court	1,011,539	1,011,539
South End Projects	1,380,591	33,055
North End Projects	56,701	-
46-56 St. James Street	458,957	-
	13,890,166	11,928,368
ACCUMULATED DEPRECIATION	70,538	35,432
	13,819,628	11,892,936

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SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

5. LONG-TERM DEBT

	1987 $	1986 $
Metropolitan Trust Company of Canada, 11% mortgage payable in monthly instalments of $14,436 including interest, maturing December 1, 1992, amortized to December 1, 2022. The interest rate is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interest of 2%. This mortgage is secured by the assets of the South End Projects and a general assignment of rentals.	1,572,550	-
Morguard Investments Limited, 12 1/4% mortgage payable in monthly instalments of $9,954 including interest, maturing April 1, 1991, amortized to April 1, 2021. The interest rate is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interest of 2%. This mortgage in secured by the assets of Bicentennial Court and a general assignment of rentals.	980,707	982,837
Canada Trust, 11 3/4% mortgage payable in monthly instalments of $57,231 including interest, maturing April 1, 1991, amortized to April 1, 2021. The interest rate on this amount is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interest of 2%. The mortgage is secured by the Rotary Admiral Beatty complex.	5,837,509	5,851,963
CIBC Mortgage Corporation, 15 1/4% mortgage payable in monthly instalments of $61,027 including interest, maturing August 1, 1989, amortized to August 1, 2019. The interest rate on this amount is subsidized by Canada Mortgage and Housing Corporation to an effective rate of interest of 2%. This mortgage is secured by Harbourside, the related air space lease and a general assignment of rentals.	4,905,317	4,911,764
The City of Saint John - General Fund, with interest at the City's current rate from time to time. It is expected that final long-term financing will be arranged in 1988:		
Rotary Admiral Beatty	-	195,474
Rotary Admiral Beatty Commercial Space	282,003	-
South End projects	60,591	33,055
46-56 St. James Street	458,957	-
North End projects	56,701	-
Bicentennial Court project	27,417	27,417
	14,181,752	12,002,510

SAINT JOHN NON PROFIT HOUSING INCORPORATED

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1987

5. LONG-TERM DEBT (Con't)

Estimated principal repayments over each of the next five years are as follows:

	$
1988	37,500
1989	38,000
1990	43,000
1991	48,500
1992	55,000

6. SUBSIDY - Canada Mortgage and Housing Corporation (C.M.H.C.)

Paragraph 4(b) of Section 56.1 of the National Housing Act states that should the assistance paid in any year exceed the actual assistance required, as established by C.M.H.C. upon receipt of the annual project data report and financial statements of the recipient, the excess will be refunded by the recipient to C.M.H.C. at the time the annual project data report is submitted. Revenue for the current year has been reduced by $69,822 (1986 - $28,298) representing the excess subsidy received.

SAINT JOHN NON PROFIT HOUSING INCORPORATED

ROTARY ADMIRAL BEATTY COMMERCIAL SPACE

SCHEDULE OF INCOME AND OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 Budget $	1987 Actual $
REVENUE		
Rentals	77,527	79,988
Interest	-	1,902
	77,527	81,890
EXPENSES		
Operating		
Electricity	14,400	9,797
Garbage removal	600	600
Repairs and maintenance	7,500	5,714
Snow removal	300	343
Wages	4,800	1,763
Water rates	2,000	2,004
	29,600	20,221
Administrative and general		
Depreciation (note 2)	18,000	10,065
Insurance	625	625
Interest	28,800	20,847
Legal	-	4,725
Property taxes	6,900	3,374
	54,325	39,636
Total Expenses	83,925	59,857
NET INCOME (LOSS) AND OPERATING SURPLUS (DEFICIT) - END OF YEAR	(6,398)	22,033

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SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF INCOME AND OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987			
	Rotary Admiral Beatty Commercial Space $	Rotary Admiral Beatty $	Bicentennial $	Harbourside $
REVENUE (note 6)	81,890	990,567	171,484	1,015,504
EXPENSES	59,857	897,106	166,452	979,800
	22,033	93,461	5,032	35,704
GAIN ON SALE OF PROPERTY	-	-	-	-
INCOME BEFORE REPAYMENT OF EXCESS SUBSIDY RECEIVED FROM C.M.H.C.	22,033	93,461	5,032	35,704
EXCESS SUBSIDY RECEIVED FROM C.M.H.C. (note 6)	-	58,661	457	10,704
NET INCOME FOR THE YEAR	22,033	34,800	4,575	25,000
OPERATING SURPLUS - BEGINNING OF YEAR	-	-	1,423	-
	22,033	34,800	5,998	25,000
Less: Allocation to:				
Replacement reserve (note 3)	-	34,800	4,575	25,000
Subsidy surplus reserve (note 3)	-	-	-	-
Operating surplus on Rockwood Court refunded to the City	-	-	-	-
	-	34,800	4,575	25,000
OPERATING SURPLUS - END OF YEAR	22,033	-	1,423	-

SAINT JOHN NON PROFIT HOUSING INCORPORATED

STATEMENT OF INCOME AND OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987					1986
otary al Beatty mercial Space $	Rotary Admiral Beatty $	Bicentennial $	Harbourside $	South End $	Total $	Total $
31,890	990,567	171,484	1,015,504	7,491	2,266,936	2,080,972
59,857	897,106	166,452	979,800	6,014	2,109,229	1,923,768
22,033	93,461	5,032	35,704	1,477	157,707	157,204
-	-	-	-	-	-	426,746
22,033	93,461	5,032	35,704	1,477	157,707	583,950
-	58,661	457	10,704	-	69,822	28,298
22,033	34,800	4,575	25,000	1,477	87,885	555,652
-	-	1,423	-	-	1,423	146,365
22,033	34,800	5,998	25,000	1,477	89,308	702,017
-	34,800	4,575	25,000	-	64,375	30,738
-	-	-	-	-	-	66,000
-	-	-	-	-	-	603,856
-	34,800	4,575	25,000	-	64,375	700,594
22,033	-	1,423	-	1,477	24,933	1,423

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SAINT JOHN NON PROFIT HOUSING INCORPORATED
ROTARY ADMIRAL BEATTY COMPLEX
SCHEDULE OF INCOME AND OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 Budget $	1987 Actual $	Nine months ended December 31, 1986 Actual $
REVENUE			
Rentals	525,960	504,825	386,383
Washers and dryers	2,400	2,400	1,800
Interest	5,000	6,690	8,173
	533,360	513,915	396,356
Subsidy - C.M.H.C. (note 6)	476,652	476,652	358,836
Total Revenue	1,010,012	990,567	755,192
EXPENSES			
Operating			
Electricity	45,000	32,013	24,768
Elevator maintenance	6,000	3,676	4,440
Emergency generator	1,200	302	-
Fire alarm system	2,400	3,004	2,636
Garbage removal	2,400	1,793	1,019
Repairs and maintenance	46,600	37,771	24,094
Snow removal	700	1,127	-
Telephone	7,000	7,424	5,738
Sprinkler system maintenance	2,100	94	-
Wages	35,000	47,140	27,254
Water rates	12,000	6,665	2,364
Window washing	1,200	500	1,200
	161,600	141,509	93,513
Administrative and general			
Administration fees	26,500	26,500	19,000
Professional fees	1,800	1,800	1,700
Depreciation (note 2)	24,000	16,464	22,326
Insurance	3,500	2,886	2,045
Interest	662,772	670,308	492,753
Legal	200	1,047	-
Office expense	-	685	884
Property taxes	77,100	35,907	25,536
	795,872	755,597	564,244
Total expenses	957,472	897,106	657,757
INCOME BEFORE REPAYMENT OF EXCESS SUBSIDY RECEIVED FROM C.M.H.C.	52,540	93,461	97,435
EXCESS SUBSIDY RECEIVED FROM C.M.H.C.(note 6)	-	58,661	14,835
NET INCOME FOR THE YEAR	52,540	34,800	82,600
OPERATING SURPLUS - BEGINNING OF YEAR	-	-	-
	52,540	34,800	82,600
Less: Allocation to reserves			
Replacement reserve (note 3)	34,800	34,800	26,100
Subsidy surplus reserve (note 3)	-	-	56,500
	34,800	34,800	82,600
OPERATING SURPLUS - END OF YEAR	17,740	-	-

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SAINT JOHN NON PROFIT HOUSING INCORPORATED
BICENTENNIAL COURT
SUMMARY OF INCOME AND OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 Budget $	1987 Actual $	1986 Actual $
REVENUE			
Rentals	90,140	85,190	64,709
Washers and dryers	900	1,083	857
Interest	2,000	47	1,539
	93,040	86,320	67,105
Subsidy - C.M.H.C. (note 6)	85,168	85,164	63,873
Total Revenue	178,208	171,484	130,978
EXPENSES			
Operating			
Electricity	4,600	3,907	2,609
Fire alarm system	450	450	-
Garbage removal	1,600	1,800	1,085
Grounds	700	84	870
Repairs and maintenance	10,000	8,328	5,353
Snow removal	1,000	1,852	60
Telephone	-	595	-
Wages and benefits	6,000	2,563	4,100
Water rates	1,500	2,904	1,328
Window washing	250	250	480
	26,100	22,733	15,885
Administrative and general			
Administration fees	5,500	5,500	3,285
Professional fees	300	300	800
Bad debt expense	400	182	-
Depreciation (note 2)	2,130	2,130	1,285
Insurance	3,500	3,280	2,458
Interest	117,320	117,300	88,135
Legal	200	15	-
Office expense	-	185	-
Property taxes	15,100	14,827	4,154
	144,450	143,719	100,117
Total expenses	170,550	166,452	116,002
INCOME BEFORE REPAYMENT OF EXCESS SUBSIDY RECEIVED FROM C.M.H.C.	7,658	5,032	14,976
EXCESS SUBSIDY RECEIVED FROM C.M.H.C. (note 6)	-	457	2,047
NET INCOME FOR THE YEAR	7,658	4,575	12,929
OPERATING SURPLUS - BEGINNING OF YEAR	1,423	1,423	1,423
	9,081	5,998	14,352
Less: Allocation to reserves			
Replacement reserve (note 3)	4,575	4,575	3,429
Subsidy surplus fund	-	-	9,500
	4,575	4,575	12,929
OPERATING SURPLUS - END OF YEAR	4,506	1,423	1,423

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SAINT JOHN NON PROFIT HOUSING INCORPORATED
HARBOURSIDE
SCHEDULE OF INCOME AND OPERATING SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 Budget	1987 Actual	1986 Actual
	$	$	$
REVENUE			
Rentals	407,345	393,324	387,788
Washers and dryers	1,800	1,800	1,800
Interest	4,000	1,247	4,705
	413,145	396,371	394,293
Subsidy - C.M.H.C. (note 6)	619,100	619,133	619,133
Total Revenue	1,032,245	1,015,504	1,013,426
EXPENSES			
Operating			
Electricity	33,000	28,288	30,503
Elevator maintenance	8,300	8,092	7,902
Emergency generator	1,200	-	-
Fire alarm system	2,500	2,503	2,036
Garbage removal	6,500	3,041	6,356
Repairs and maintenance	30,000	40,488	41,589
Telephone	5,500	6,194	5,378
Wages	23,000	20,462	22,915
Water rates	5,500	6,709	5,421
Window washing	1,700	500	900
	117,200	116,277	123,000
Administrative and general			
Administration fees	23,000	23,000	20,400
Professional fees	2,000	1,812	4,000
Depreciation (note 2)	6,427	6,447	5,565
Insurance	3,500	2,614	2,868
Interest	725,873	725,793	726,708
Office expense	1,000	1,349	713
Property taxes	105,000	102,508	93,756
	866,800	863,523	854,010
Total expenses	984,000	979,800	977,010
INCOME BEFORE REPAYMENT OF EXCESS SUBSIDY RECEIVED FROM C.M.H.C.	48,245	35,704	36,416
EXCESS SUBSIDY RECEIVED FROM C.M.H.C. (note 6)	-	10,704	11,416
NET INCOME FOR THE YEAR	48,245	25,000	25,000
OPERATING SURPLUS - BEGINNING OF YEAR	-	-	-
	48,245	25,000	25,000
Less: Allocation to replacement reserve (note 3)	25,000	25,000	25,000
OPERATING SURPLUS - END OF YEAR	23,245	-	-

Coopers & Lybrand

SAINT JOHN NON PROFIT HOUSING INCORPORATED

SOUTH END PROJECTS

SCHEDULE OF INCOME AND OPERATING SURPLUS

FOR THE YEAR ENDED DECEMBER 31, 1987

	1987 $
NUE	
ıtals	6,846
ashers and dryers	591
nterest	54
	7,491
EXPENSES	
Operating	
Electricity	221
Repairs and maintenance	674
Snow removal	1,090
Telephone	151
Wages	3,278
	5,414
Administrative and general	
Professional fees	600
Total expenses	6,014
NET INCOME AND OPERATING SURPLUS - END OF YEAR	1,477

NOTE: This operation commenced in September 1987 and no budget was prepared.

Coopers
&Lybrand

THE MARKET SQUARE CORPORATION

1987 FINANCIAL STATEMENTS

THE MARKET SQUARE CORPORATION

FINANCIAL STATEMENTS

DECEMBER 31, 1987

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Clarkson Gordon

Chartered Accountants
Suite 1209
One Brunswick Square
Saint John, N.B., Canada
E2L 4V1
Telephone (506) 634-7000
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AUDITORS' REPORT

To the Board of Directors of
The Market Square Corporation:

We have examined the balance sheet of The Market Square Corporation as at December 31, 1987 and the statements of operations, contributed equity and cash flows for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the corporation as at December 31, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting principles described in note 1 to the financial statements applied on a basis consistent with that of the preceding year.

Saint John, Canada,
February 15, 1988.

Clarkson Gordon
Chartered Accountants

THE MARKET SQUARE CORPORATION
(Incorporated under the laws of New Brunswick)

BALANCE SHEET

DECEMBER 31, 1987

	1987	1986
ASSETS		
Fixed (note 2)	$56,474,708	$56,463,917
Cash	126,558	69,022
Certificates of deposit	299,991	192,726
Accounts receivable (note 3)	260,488	194,923
	$57,161,745	$56,920,588
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities (note 4)	$ 450,150	$ 222,947
Holdbacks payable	23,526	13,454
	473,676	236,401
Equity:		
Capital -		
Authorized in the amount of $1,000	1,000	1,000
Contributed equity	56,687,069	56,683,187
	56,688,069	56,684,187
	$57,161,745	$56,920,588

(See accompanying notes)

On behalf of the Board:

Director

Director

THE MARKET SQUARE CORPORATION

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Revenue:		
Management fees	$ 98,531	$ 96,183
Investment income	25,601	35,096
Rental income	4,029	15,113
Grants		34,094
	128,161	180,486
Expenses:		
Salaries and benefits	185,397	176,133
Outside services	46,860	94,433
Insurance	59,074	46,526
Contribution to Festival by the Sea		25,000
Office supplies	27,120	15,855
Maintenance	17,079	11,125
Directors' fees	14,200	15,850
Property rental	(7,500)	1,907
Miscellaneous	3,755	1,818
Travel and promotion	2,085	1,718
	348,070	390,365
Net operating expenses	219,909	209,879
Operating grant, City of Saint John	213,000	184,879
Net loss	$ 6,909	$ 25,000

(See accompanying notes)

THE MARKET SQUARE CORPORATION

STATEMENT OF CONTRIBUTED EQUITY

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Balance, beginning of year	$56,683,187	$56,708,187
Add Governmental funding	10,791	
Deduct net loss	(6,909)	(25,000)
Balance, end of year	$56,687,069	$56,683,187

(See accompanying notes)

THE MARKET SQUARE CORPORATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Cash provided by (used for):		
Operations -		
Net loss	$ (6,909)	$ (25,000)
Changes in non-cash balances related to operations:		
Accounts receivable	(65,565)	(21,720)
Accounts payable and accrued liabilities	227,203	(152,433)
Holdbacks payable	10,072	13,454
	164,801	(185,699)
Investments -		
Additions to fixed assets	(10,791)	———
Financing -		
Increase in contributed equity	10,791	———
Net increase (decrease) in cash and certificates of deposit	164,801	(185,699)
Cash and certificates of deposit at the beginning of year	261,748	447,447
Cash and certificates of deposit at the end of year	$426,549	$261,748

(See accompanying notes)

THE MARKET SQUARE CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. Significant accounting policies

(a) Contributed equity

The corporation was established to develop and promote the revitalization of the City Centre District.

It is responsible to oversee the public interest in the Market Square Project. The three levels of government agreed to fund, or make certain fixed contributions to the cost of this development, with the responsibilities for the amounts and extent of funding for each party outlined in the Master Agreement and amendments thereto. This funding is recorded in the accounts as contributed equity.

Pursuant to an agreement with the City of Saint John, the corporation is also responsible for developing and managing the rehabilitation of the City Market. Funding for the project is being raised from the three levels of Government. As expenditures are incurred, they are recovered from the three levels of Government in accordance with various funding arrangements. Since the Corporation is acting only as a project manager, the capital expenditures are not reflected in these financial statements.

(b) Capitalization policy

Fixed assets include all construction costs incurred by the corporation in the performance of its work, construction contributions under the construction agreements, and all carrying

costs such as interest, property taxes and operating expenses incurred by the corporation to the completion of the various components.

The City of Saint John conveyed the Market Square land sites to the corporation in trust, subject to the covenants and conditions set out in the agreements. The land is recorded in the corporation's accounts as the gross cost of acquisition and site preparation.

(c) Depreciation

In common with municipal corporations, depreciation is not recorded on fixed assets.

(d) Rental income

Rental income due on the hotel premises is to be deferred until 1990. The income will be reported on a cash basis upon receipt.

(e) Grants

The City of Saint John provides an operating grant to the corporation to a maximum of the budgeted net day to day operating expenses. This grant is recorded as revenue as operating expenses are incurred.

2. Fixed assets

Fixed assets consist of the following:

	1987	1986
Land	$ 6,485,214	$ 6,485,214
Parking garage	11,772,463	11,761,672
Trade Centre	8,757,007	8,757,007
Interior circulation space	8,495,370	8,495,370
Hotel	8,395,326	8,395,326
Library	6,688,798	6,688,798
Site containment	5,186,783	5,186,783
Residential Park	366,028	366,028
Truck dock	201,073	201,073
Historic Village	126,646	126,646
	$56,474,708	$56,463,917

3. Accounts receivable

Accounts receivable are comprised of the following:

	1987	1986
City of Saint John	$166,859	$124,197
Trade	93,629	70,726
	$260,488	$194,923

4. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities consist of the following:

	1987	1986
City of Saint John	$ 58,473	$ 49,080
Accrued liabilities	8,669	52,986
Rehabilitation of City Market	368,295	94,339
Trade	14,713	2,764
Miscellaneous		23,778
	$450,150	$222,947

5. Lease and management agreements

The Central Building Complex is leased by the corporation under a Head Lease which expires in 2049. Under the Head Lease, rent for the retail, commercial and office premises is on a percentage rent basis while basic rent is payable with respect to the hotel premises. There is no rent payable for the public sector components of the Central Building Complex.

The housing components are governed by separate leases. Basic rent is payable on the private sector housing while no rent is payable by the public sector.

Expenditures of $467,750 were incurred by the corporation and recovered in 1987 for the rehabilitation of the City Market. The corporation also received a management fee of $23,388 for its services provided during the year.

The Market Square Parking Facility is operated by Canpark Services Ltd. pursuant to a management agreement which expires December, 1988. Net revenues of $621,111 were received by the corporation and remitted to the City in 1987 ($615,745 in 1986).

6. Income taxes

The corporation is wholly-owned by the City of Saint John and as a result qualifies as a municipal corporation under the Income Tax Act. Accordingly, the corporation is exempt from income taxes.

SAINT JOHN INDUSTRIAL PARKS LIMITED
1987 FINANCIAL STATEMENTS

SAINT JOHN INDUSTRIAL PARKS LTD.

SAINT JOHN, NEW BRUNSWICK

FINANCIAL STATEMENTS

DECEMBER 31, 1987

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AUDITORS' REPORT

To the Shareholders of Saint John Industrial Parks Ltd.

We have examined the balance sheet of Saint John Industrial Parks Ltd. as at December 31, 1987 and the statement of income and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company as at December 31, 1987 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Saint John, New Brunswick
February 29, 1988

Doane Raymond
Chartered Accountants

SAINT JOHN INDUSTRIAL PARKS LTD.

BALANCE SHEET

DECEMBER 31, 1987

ASSETS

	1987	1986
Current		
Cash	$ 5,455	$ 4,830
Term deposit	60,000	60,000
Interest receivable	2,879	794
	$68,334	$65,624

LIABILITIES

Current		
Accounts payable and accrued charges	$ 2,725	$ 2,559

SHAREHOLDERS' EQUITY

Capital stock		
Authorized and issued		
1,000 common shares with par value of $1 each	1,000	1,000
Retained earnings	64,609	62,065
	65,609	63,065
	$68,334	$65,624

ON BEHALF OF THE BOARD

_____ Director

_____ Director

SAINT JOHN INDUSTRIAL PARKS LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Income		
Interest	$ 4,772	$ 4,996
Sale of property (Note 1)	3,000	-
	7,772	4,996
Expenses		
Grants (Note 2)	4,642	4,899
Legal and audit	400	350
Miscellaneous	186	168
	5,228	5,417
Net income (loss) for the year	2,544	(421)
Retained earnings, beginning of year	62,065	62,486
Retained earnings, end of year	$64,609	$62,065

SAINT JOHN INDUSTRIAL PARKS LTD.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. Sale of property

All costs relating to land owned by the company had previously been written off. The company had retained some land for easement purposes and a portion of this was sold in the year.

2. Landscaping

The company has agreed to transfer annual interest earnings to the Saint John Fundy Region Development Commission for a maintenance program of all industrial parks in The City of Saint John.

CITY OF SAINT JOHN PENSION FUND
1987 FINANCIAL STATEMENTS

THE CITY OF SAINT JOHN

SAINT JOHN, NEW BRUNSWICK

PENSION FUND

FINANCIAL STATEMENTS

DECEMBER 31, 1987

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AUDITORS' REPORT

To the Board of Trustees, The City of Saint John -
Pension Fund, Saint John, New Brunswick

We have examined the statement of assets available for benefits of The City of Saint John - Pension Fund as at December 31, 1987 and the statement of changes in assets available for benefits for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the assets under the control of the Trustees of The City of Saint John - Pension Fund as at December 31, 1987 and the changes in its assets available for benefits for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Saint John, New Brunswick
February 18, 1988

Doane Raymond
Chartered Accountants

THE CITY OF SAINT JOHN

PENSION FUND

STATEMENT OF ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 1987

	1987	1986
Cash and short term investments	$ 9,065,114	$10,239,488
Receivables		
Due from The City of Saint John	317,497	1,123,066
Accrued interest and dividends	985,221	1,010,767
Investments, at cost		
Bonds (market value 1987 - $38,316,256; 1986 - $34,860,788)	38,640,102	31,620,220
Stocks (market value 1987 - $31,491,905; 1986 - $29,827,315)	26,589,666	22,444,642
Mortgages	437,257	806,203
	$76,034,857	$67,244,386

ON BEHALF OF THE BOARD

_____ Trustee

_____ Trustee

THE CITY OF SAINT JOHN

PENSION FUND

STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 1987

	1987	1986
Increase		
Contributions		
The City of Saint John	$ 2,019,633	$ 2,011,523
Employees	2,537,015	2,503,611
	4,556,648	4,515,134
Interest and dividend income	5,590,115	5,131,585
Gain on sale of investments	3,209,608	3,008,342
	13,356,371	12,655,061
Decrease		
Pensions paid	4,141,919	3,625,437
Contributions and interest refunded to participants	155,144	64,607
Administrative expenses	268,837	193,974
	4,565,900	3,884,018
Net increase in assets available for benefits	8,790,471	8,771,043
Assets available for benefits, beginning of year	67,244,386	58,473,343
Assets available for benefits, end of year	$76,034,857	$67,244,386

THE CITY OF SAINT JOHN

PENSION FUND

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1987

1. Summary of significant accounting policies

(a) Basis of presentation

These financial statements show only the position of the assets under the control of the Trustees, and do not purport to show the adequacy of the Fund to meet the obligations of the Pension Plan.

(b) Basis of accounting

The accounts of the Fund are maintained on the accrual basis of accounting. Accordingly, dividend and interest income is accounted for as earned rather than when received.

(c) Investments

The assets of the plan are held by the Royal Trust Corporation of Canada which acts as custodian of the plan. The assets of the plan are managed by Jarislowsky, Fraser & Company Ltd. who have discretionary investment authority.

2. Actuarial valuation

Eastern Canada Consulting Services Ltd. conducted an actuarial valuation of the Fund as of January 1, 1987. The valuation indicated that the present value of accumulated plan benefits was $125,249,000 and the net assets available to provide benefits, at adjusted market values, were $118,229,000 as of January 1, 1987. The actuary recommended that the resulting unfunded liability of $7,020,000 be liquidated by annual payments of not less than $764,000 over a period not to exceed fifteen years.

The significant actuarial assumptions adopted for purposes of the report were as follows:

(a) A long term real rate of investment return (i.e. the difference between the actual rate of return and inflation) of 3.5% per annum.

(b) A differential of 1.5% between long term investment rates of return and the future rate of salary increases.

(c) 6% increase in yearly maximum pensionable earnings.

(d) Assumed retirement age of 60 years.

(e) Assets adjusted to market values as follows:

1) Fixed income assets at market value.

2) Common stocks on the basis of market value less a reserve against future fluctuations equivalent to 20% of the excess of market value over book value.

2. Actuarial valuation (cont'd)

The valuation method adopted was the "projected benefit method" under which the liabilities include those in respect of benefits for service already rendered, as well as those for future services expected to be rendered by present members of the plan. Similarly, assets include those presently held, as well as the present value of future normal employee and employer contributions.

Eastern Canada Consulting Services Ltd. conducted an intervaluation estimate as of December 31, 1987. The intervaluation indicated that the unfunded liability at December 31, 1987 was $11,387,000. The increase from the estimate as of December 31, 1986 is due to the following factors:

Investment return being less than anticipated	$3,100,000
Increase in disability retirements	600,000
Interest on unfunded amount as at December 31, 1986	667,000
	$4,367,000

THE CITY OF SAINT JOHN

PENSION FUND

SCHEDULE OF ADMINISTRATIVE EXPENSES

DECEMBER 31, 1987

	1987	1986
Investment management fees	$142,872	$128,099
Custodian fees	42,502	36,752
Actuarial services	22,154	800
Performance measurement services	5,100	4,700
Legal fees	37,203	6,777
Audit fees	8,275	5,670
Conference and seminar expenses	7,688	8,953
Medical fees	2,450	1,850
Miscellaneous	593	373
	$268,837	$193,974